

1 - 2 - 2000

BY-LAWS
A Not for Profit Corporation

Of

RIVERSIDE CHASE HOMEOWNERS ASSOCIATION, INCORPORATED

Pursuant to the provisions of the South Carolina Business Act, the Board of Directors of Riverside Chase Homeowners Association, Incorporated, a South Carolina eleemosynary corporation, hereby adopts the following By-laws for such corporation.

ARTICLE I

NAME AND PRINCIPAL OFFICE

1.01 Name. The name of the eleemosynary corporation "Riverside Chase Homeowners Association, Incorporated" (hereinafter referred to as the "HOA").

1.02 Offices. The principal offices of the HOA shall be at PO Box 2504, Greer SC 29650. The agent for service of process is Theresa Horton, PA, 508-A Pettigru, Greenville, SC, 29601.

ARTICLE II

DEFINITIONS

2.01 Definitions. Except as otherwise provided herein or required by the context hereof, all terms defined in the Declarations of Covenants, Conditions and Restrictions for Riverside Chase Homeowners Association, Incorporated, recorded in the RMC office for Greenville County in Deed Book 1550 Page 719.

Article III

Members

3.01 Annual Meetings. The annual meeting of members shall be in the fourth quarter of the calendar each year at a time selected by the Board, beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for the annual meeting of members, or at any adjournment thereof, the Board of Directors ("Board") shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient.

3.02 Special Meetings. Special meetings of the members may be called by the board, the President, or upon the written request of members holding not less than twenty percent (20%) of the total votes of Class A membership. Such written request to state the purpose or purposes of the meeting and to be delivered to the Board or the President.

3.03 Place of meetings. The Board may designate any place in Greenville County, State of South Carolina, as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all members may designate any place, either within or without the State of South Carolina, as the

place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be at the principal office of the HOA

3.04 Notice of Meetings. The Board shall cause written or printed notice of the time, place and purpose of all meetings of the members (whether annual or special) to be delivered, not more than sixty (60) days and not less than thirty (30) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his registered address, with first class postage thereon paid. Each member shall register with the HOA such member's current mailing address for purposes of notice hereunder. If no address is registered with the HOA, a member's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

3.05 Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast more than ten percent (10%) of the total votes of each class of membership, shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice thereof shall be delivered to the members provided above. At the reconvened meeting, the presence of members holding, or holders of proxies entitled to cast, more than ten percent (10%) of the total votes of each class of membership shall again constitute a quorum for transaction of business, with the members present though less than a quorum, being able to adjourn the meeting in order to obtain a quorum, as so from time to time thereafter until a quorum is obtained.

3.06 Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by the designated member of record or that person's attorney thereto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the HOA or to such other officer or person who may be acting as secretary of the meeting. The minutes of the meeting shall indicate whether votes cast at the meeting were cast in person or by proxy.

3.07 Votes. With respect to each matter (except the election of the Board) submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the weighted vote appertaining to such member, as set forth in the Declaration. The affirmative members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption proportion as required by the Articles of Incorporation, these By-laws, the Declaration or South Carolina law. The election of Directors shall be by secret ballot. If a membership is jointly held, all or any holders thereof may attend each meeting of the members but such holders must act unanimously to cast the votes relating to their joint membership.

3.09 Waiver of Irregularities. All inaccuracies and/or irregularities in calls or notice of meetings and in the manner of voting, form of proxies and/or method of ascertaining members present shall be deemed waived if no objection thereto is made at the meetings.

3.10 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject thereof.

ARTICLE IV

BOARD OF DIRECTORS

4.01 General Powers. The property, affairs and business of the HOA shall be managed by its Board. The Board may exercise all of the powers of the HOA, whether derived from law, the Declaration or Articles of Incorporation, except such powers as are by law, Declaration, vested solely in the members. The Board may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions and powers, or those of any officer, as are properly delegable.

4.02 Number, Tenure, and Qualifications. The number of Directors of the HOA shall be five (5). At the first annual meeting of the members held after the adoption thereof, the members shall elect two (2) Directors to serve as follows: To be elected to serve for a term of three years; two (2) to be elected to serve for a term of two (2) years; and one candidate shall be elected to serve for a term of one (1) year. At each meeting thereafter, the members shall elect for a three (3) year term the number of Directors required to fill the number of vacancies created by expiring terms of Directors. Directors must be members of the Riverside Chase Homeowners Association, Incorporated.

4.03 Regular Meetings. The regular annual meeting of the Board shall be held without other notice than this By-law immediately after, and at the same place as the annual meeting of the members. The Board may provide by resolution the time and place, within Greenville County, South Carolina, for the holding of such additional regular meetings without other notice than such resolution.

4.04 Special Meetings. Special meetings of the Board may be called by or at the request of the President of the HOA or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix any place, within Greenville County, South Carolina, as the place for holding any special meeting of the Board Called by Such person or persons. Notice of any special meeting shall be given at least three (3) days prior thereto by written notice delivered personally, or mailed to each Director at his registered address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with first class postage thereon prepared. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of a meeting.

4.05 Quorum and Manner of Acting. A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have not powers as such.

4.06 Compensation. No Director shall receive compensation for any services that he may render to the HOA as a Director; provided, however, that Directors may be reimbursed for expenses incurred in performance for their duties as Directors and, except as otherwise provided in these By-laws, may be compensated for services rendered to the HOA other than in their capacities as Directors.

4.07 Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President of the HOA or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause by the affirmative vote of more

than fifty percent (50%) of the total votes of the HOA at a special meeting of the members duly called for such purpose and may be removed otherwise as provided by South Carolina law.

4.08 Vacancies and Newly Created Directorships. If vacancies shall occur in the Board by reason of death or resignation of a Director, or if the number of Directors shall be increased, the Directors then in office shall continue to act and such vacancies or newly created Directorships shall be filled by a vote of the Directors then in office, though less than a quorum, in any way approved by such Directors at the meeting. Any vacancies in the Board occurring by reason of the member's removal of a director may be filled by election of the members at the meeting at which such Director is removed. Any Director elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created Directorship, as the case may be.

4.09 Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more members of the HOA. The Nominating Committee shall be appointed by the Board prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

4.10 Election. Election to the Board shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest numbers of votes shall be elected. Cumulative voting is not permitted.

4.11 Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

4.12 Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members of and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and the right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the HOA. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the HOA all powers, duties and authority vested in or delegated to this HOA and not reserved to the membership by other provisions of these By-laws, the Articles of Incorporation or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, independent contractor or such other employees as they deem necessary, and to prescribe their duties;

(f) amend these By-laws to correct typographical errors or correct accuracy of content (such as changing the address of the principal office).

4.13 Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) to take appropriate action up to and including foreclosing the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, certification setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the HOA;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause Common Area to be maintained;

(h) maintain reserves for replacement or unforeseen expenses of not less \$20,000 except when funds are required for payment of expenses for which they are intended. The board shall replace funds as quickly as possible using all means available and may not lower annual dues, offer a refund or rebate, nor make voluntary capital improvements until such time as the reserve for replacement account reaches the minimum amount set forth herein. This provision may not be reduced or eliminated except by two-thirds vote of homeowners.

ARTICLE V

OFFICERS

5.01 Number. The officers of the HOA shall be a President, Vice President, Secretary and Treasurer and such other officers as may from time to time be appointed by the Board.

5.02 Election, Tenure and Qualification. The officers of the HOA shall be chosen by the Board annually at the regular meeting of the Board. In the event of failure to choose officers at such regular meeting of the Board, officers may be chosen at any regular or special meeting of the Board. Each such officer (whether chosen at a regular meeting of the Board or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board and until his successor shall have been chosen and qualified, or until his death, or until his resignation or removal in the manner provided in these By-laws, whichever first occurs. Any one person may hold any two or more of such offices except that the President may not also be the Secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. All officers must be Directors.

5.03 Subordinate Officers. The Board may from time to time appoint such other officers or agents as it may deem advisable each of whom shall have such title, hold office for such period, have such authority and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not be members or Directors of the HOA.

5.04 Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President of the HOA or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause by the affirmative vote of more than fifty percent (50%) of the total votes of the HOA at a special meeting of the members duly called for such purpose and may be removed otherwise as provided by South Carolina law.

5.05 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board at any regular or special meeting.

5.06 The President. The President shall preside at meetings of the Board and at meetings of the members. He shall sign on behalf of the HOA all conveyances, mortgages documents and contracts and shall do and perform all other acts and things that the Board may require of him.

5.07 The Vice President. The Vice President, in the absence of the President, shall perform all functions required of the President.

5.08 The Secretary. The Secretary shall keep the minutes of the HOA and shall maintain such books and records as these By-laws, the Declaration or any resolution of the Board may require him to keep. He shall be the custodian of the seal of the HOA, if any, and shall affix such seal, if any, to all papers and instruments requiring same. He shall perform such other duties as the Board may require of him.

5.09 The Treasurer. The Treasurer shall have the custody and control of the funds of the HOA, subject to the action of the Board, and shall, when requested by the President to do so, report the state of the finances of the

HOA at each annual meeting of the members and at any meetings of the Board. He shall perform other duties as the Board may require of him.

5.10 Compensation. No officer shall receive compensation for any services that he may render to the HOA as an officer; provided, however, that officers may be reimbursed for expenses incurred in performance of their duties as officers and, except as otherwise provided in these By-laws, may be compensated for services rendered to the HOA other than in their capacities as officer.

ARTICLE VI

COMMITTEES

6.01 Designation of Committees. The Board may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. No committee member shall receive compensation for services that he may render the HOA as a committee member; provided, however, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided by these By-laws) may be compensated for services rendered to the HOA other than in their capacities as committee members.

6.02 Nature of Committees. All committees shall act only in an advisory capacity to the Board of Directors and shall not have any power or authority to carry out any of the duties or responsibilities of the Board of Directors.

6.03 Proceedings of Committees. Each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board.

6.04 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board, the presence of members constituting at least two-thirds of the authorized membership of such committee shall constitute a quorum for the transaction of business and the act of the majority of the members present at any meeting at which a quorum is present shall be the act of the committee and the individual members thereof shall have no powers as such.

6.05 Resignation and Removal. Any member of a committee, designated hereunder by the Board may resign at any time by delivering a written resignation either to the President, the Board or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee designated hereunder.

6.06 Vacancies. If any vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board.

ARTICLE VII

INDEMNIFICATION

7.01 Indemnification Against Third Party Actions. The HOA shall indemnify any person who was or is a party or is threatened to be made party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the HOA) by reason of the fact that he is or was a Director, officer, employee or agent of the HOA, or is or was serving at the request of the HOA as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the HOA and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by any adverse judgment, order or settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the HOA and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.02 Indemnification Against Association Actions. The HOA shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the HOA to procure judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the HOA, or is or was serving at the request of the HOA as a Director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the HOA and except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the HOA, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

7.03 Determination. To the extent that a Director, officer, employee, or agent of the HOA has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expense (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Section 7.01 or 7.02 hereof shall be made by the HOA only upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Section 7.01 or 7.02 hereof. Such determination shall be made either (i) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding or (ii) by the Owners by the affirmative vote of at least fifty percent (50%) of the total votes of the HOA at any meeting duly called for such purpose.

7.04 Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this Article may be paid by the HOA in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board and upon receipt of an undertaking by or on behalf of the Director,

officer, employee or agent to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the HOA as authorized by this Article.

7.05 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the HOA's Articles of Incorporation, By-laws, agreements, vote of disinterested members or Directors, or otherwise, both as to action in this official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Directors, officers, employees and agents of the HOA and shall continue as to such persons who cease to be Directors, officers, employees or agents of the HOA and shall insure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.06 Insurance. The HOA may purchase and maintain insurance on behalf of any person who was or is a Director, officer, employee or agent of the HOA, or who was or is serving at the request of the HOA as a Director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit), against any liability asserted against him or incurred by him in any such capacity arising out of his status as such, whether or not the HOA would have the power to indemnify him against such liability under the laws of the State of South Carolina as the same may hereafter be amended or modified.

7.07 Payments and Premiums. All indemnification payments made and all insurance premiums for insurance maintained pursuant to this Article shall constitute expenses of the HOA and shall be paid with funds from the Common Expense Fund referred to in the Declaration.

ARTICLE VIII

FISCAL YEAR, SEAL AND BOOKS AND RECORDS

8.01 Fiscal Year. The fiscal year of the HOA shall begin on the 1st day of November each year and shall end on the 31st day of October the following year, or any twelve month period determined by the Board and announced at the annual meeting of homeowners, except that the first fiscal year shall begin on the date of incorporation and end on the 31st day of December next following.

8.02 Seal. The Board may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Corporate Seal."

8.03 Books and Records. The books, records, and papers of the HOA shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles and the By-laws of the HOA shall be available for inspection by any member at the principal office of the HOA, where copies may be purchased at reasonable cost.

ARTICLE IX

RULES AND REGULATIONS

9.01 Rules and Regulations. The Board may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Project to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration of these By-laws. The members shall be provided by the Board with copies of all amendments and revisions thereof.

(a) As stated in ARTICLE IV, Section 12 of the DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, the owner or tenant must prevent the grounds on his property from becoming unkempt.

(1) An unkempt condition of the grounds is defined as a lawn that is not maintained in turf grass (such as Bermuda, Fescue, Centipede, Rye or Zoysia) or ground cover, but is overrun with weeds. The owner or tenant will have 30 days from the postmarked date of notification to bring the lawn into a satisfactory condition. If the lawn is not brought into a satisfactory condition within 30 days, the owner will be fined \$50.00 for that month and each month thereafter that the lawn is unsatisfactory.

(2) No lawn will be allowed to reach a height of 10 inches or more without being mowed. The owner or tenant will have five days from the postmarked date of notification to mow the yard or the Homeowners Association will have the yard mowed and bill the owner.

(b) As stated in ARTICLE IV, Section 12 of the DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, the owner or tenant must prevent the buildings on his property becoming unkempt.

(1) An unkempt condition of buildings is defined as any house or storage building that has missing or damaged roofing, siding, doors, windows, gutters, downspouts, decks, concrete driveways, walks, and any other repairs or replacements that need to be made. The owner will have 30 days from the postmarked date of notification to effect repairs or the owner will be fined \$50.00 for that month and each month thereafter until repairs are made.

(2) Any fence or mailbox on the property must be maintained in good condition. If the mailbox or fence is damaged the owner will have 30 days from the postmarked date of notification to repair or replace the fence or mailbox or the owner will be fined \$50.00 for that month and each month thereafter until repairs are made.

9.02 Violation Appeals. The following procedures shall govern homeowner appeals to notification of violation of published rules and regulations, By-laws or Covenants, Conditions and Restrictions. Upon initial approval of these procedures at an annual meeting of homeowners, revision, modification or deletion of these procedures shall require approval by two-thirds of the homeowners. In any case, revision, modification or deletion of this procedure shall not apply to any action currently in appeal unless such revision, modification, or deletion shall benefit the appellant and the appellant agrees, in writing, to the changes.

(a) Homeowners notified of a violation of the Covenants, Conditions, and Restrictions (CC&R), By-laws, or published rules may appeal the violation to the board within the time limit stated in the letter of notification.

The appeal request must be in writing and delivered via first class mail to the association address with a postmark not later than midnight of the date indicated in the letter of notification.

(1) Homeowners must appeal a violation within the time period provided in the first letter of notification. Homeowner failure to appeal within the prescribed time limit shall be construed as homeowner agreement with the stated violation. Subsequent letters pertaining to the same violation are not eligible for appeal unless the homeowner can demonstrate compelling evidence that a response to the first letter was not possible due to circumstances outside the control of the homeowner.

(b) When the association receives a violation appeal, the secretary of the board will notify the board president and the appellant. The board president may elect to hold a special meeting of the board or take up the appeal at the next regular board meeting. Any fines will be deferred until after the board hears the appeal and makes its decision.

(1) The board president will preside at the appeal hearing and will be counted for establishing a quorum. The president will not vote on the matter.

(2) The board members present must be unanimous in their decision to uphold a violation. A dissenting vote by one or more board members shall negate the violation.

(3) The board may take up to thirty days from the date of the appeal hearing to make its decision. If the homeowner is not notified of a decision by midnight of the date set by the board then the matter will be considered resolved in favor of the homeowner. The board reserves the right to extend this time when extraordinary circumstances prevent a decision. The board will notify the homeowner, in writing, of the extension and the circumstances of the extension.

(c) The board president may convene an *ad hoc* appeal committee to hear an appeal under the following circumstance:

(1) If the violation is upheld by the board at the initial appeal AND a fine is associated with the violation, a homeowner may request a hearing by an *ad hoc* committee by notifying the board president by first class mail at the association's address within 7 calendar days of receipt of a decision. The letter must be postmarked by midnight of the 7th day.

(2) If the violation is of sufficient magnitude as to warrant a special board meeting AND a quorum of board members cannot be achieved, the board president may convene an *ad hoc* appeal committee. If an *ad hoc* committee is formed under this paragraph the rules defined in Section 2 shall govern the proceedings.

(3) An *ad hoc* committee consist of five members of the Riverside Chase Homeowners Association who are not directly connected with the appeal other than their membership in the association. The board president will preside at the appeal committee meeting but will not vote.

(4) A majority vote of the committee will prevail. A unanimous vote is not required to uphold a violation.

(5) A decision by the appeal committee will be delivered prior to adjournment of the committee. The committee may elect to deliberate the matter outside the presence of the homeowner and board president.

(d) Fines previously deferred by initiation of the appeal process are reinstated upon decision to uphold the violation.

(e) In all violation appeal proceedings, the board president's role is to conduct an orderly meeting and ensure equanimity. The board vice-president shall preside at proceedings where the board president has a personal interest, other than membership in the association, in the outcome of the appeal.

(f) Any board member with a personal interest, other than membership in the association, in the outcome of an appeal shall not be eligible to participate in the appeal proceedings.

9.03 Notification and Fines. Homeowners shall receive written notification of violations of published rules and regulations, By-laws, or Covenants, Conditions, and Restriction. The first letter for a given violation shall include copies of the applicable sections of the rules and regulations, By-laws, or Covenants, Conditions, and Restrictions as well as a defined time period to correct or appeal the violation and fine associated with the violation if the violation is not corrected or appealed within the given period of time. Fines shall be set by the board and announced at the annual meeting of homeowners but shall not be less than \$50.00 per month. Fines shall accrue monthly until the violation is resolved.

ARTICLE X

COLLECTING FROM MEMBERS FOR PAYMENT OF COMMON EXPENSES

10.01 Method of Collecting. The manner of collecting from the members for the payment of the common expenses shall be as set forth in the Declaration.

10.02 Definition of "Costs". Costs incurred by the association include, but are not limited to, office supplies, postage, collection agency fees and commissions, attorney's fees, mileage, and any other expenses directly incurred as a result of delinquent payment of an assessment.

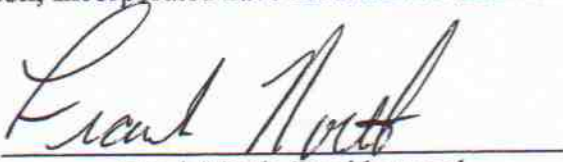
ARTICLE XI

AMENDMENTS

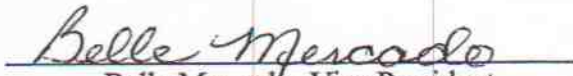
11.01 Amendments. These By-laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration of the Veterans Administration shall have the right to veto amendments while there is a Class B membership. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

These By-laws are amended in accordance with the requirements herein and upon the affirmative vote of a majority of homeowners present at a meeting duly called for this purpose where a quorum of homeowners were present.

IN WITNESS WHEREOF, the undersigned, consisting of all of the Directors of Riverside Chase Homeowners Association, Incorporated have hereunto set their hands the 30th day of November, 2000.



Frank North, President and
Presiding Officer for the 2000
Annual Meeting of
Homeowners



Belle Mercado, Vice President



Jill Motsinger, Secretary



Dewey Tarwater, Treasurer



Craig Glover