

TIMBERLAKE ESTATES **OWNERS ASSOCIATION**

BY-LAWS

NOTICE: A DISPUTE, CLAIM OR CONTROVERSY BETWEEN A MEMBER AND THE ASSOCIATION IS SUBJECT TO ARBITRATION PURSUANT TO THE UNIFORM ARBITRATION ACT, TITLE 15-48-10, ET. SEQ., OF THE SOUTH CAROLINA CODE OF LAWS.

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BY-LAWS

ARTICLE I **NAME; LOCATION**

Section 1.01. Name and Location. The name of the corporation is Timberlake Estates Owners Association, Inc. (the "Association"), a South Carolina nonprofit corporation. The principal office of the corporation is located at P.O. Box 238, Chapin, Lexington County, South Carolina, 29036.

ARTICLE II **PURPOSES; AGREEMENT; DEFINITIONS**

Section 2.01. Purposes. The specific purposes for which the Association is formed are: (i) to provide a body and procedural framework in which the Owners of affected properties may establish and/or administer certain rules and regulations pertaining to properties owned by them individually within Timberlake Estates for the promotion of the health, safety and welfare of the Owners within Timberlake Estates; and (ii) to provide for the maintenance, preservation and control of the Common Area described and defined in the Declaration of Covenants, Conditions, Restrictions and Easements ("Covenants") for Timberlake Estates, as such may have been and may be amended from time to time, and recorded in the Register of Deeds Office (formerly R.M.C.) for Lexington County, South Carolina.

Section 2.02. Agreement. All present and future Lot Owners, their families, present and future tenants, and their guests and invitees, and any other person using the facilities of Timberlake Estates in any manner are subject to the Timberlake Estates Documents, including these By-Laws. The mere acquisition, continued occupancy or rental of any of the Lots in Timberlake Estates or the mere act of occupancy of one of the Lots shall constitute ratification and acceptance of these Bylaws and implied consent to be so bound.

Section 2.03. Definitions. The defined terms used in these By-Laws shall have the meanings that the same terms have in the Covenants.

ARTICLE III **MEMBERSHIP**

Section 3.01. Membership. "Members" are defined in the Covenants and shall be entitled to vote, hold office and generally participate in the affairs of the Association in accordance with the provisions contained therein.

Section 3.02. Proof of Membership. Any person or entity, upon becoming an Owner of a Lot, shall notify the Secretary of the Association of the date of ownership, along with a correct and current mailing address.

ARTICLE IV
ASSOCIATION MEETINGS; QUORUM; VOTING; PROXIES

Section 4.01. Place of Meetings. Meetings of the Association shall be held at a place designated by the Board of Directors (sometimes referred to as the “Board”), either within the subdivision or as convenient thereto as possible and practical.

Section 4.02. Association Meetings. Association meetings shall be scheduled and held as specified in the Covenants and it shall be the duty of the President of the Association and the Board of Directors to call for and arrange such meetings.

Section 4.03. Notice of Meetings. Written notice of any Association meeting shall be delivered, either personally or by mail, to each Lot Owner entitled to vote at such meeting. The notice shall be given not less than ten (10) or more than fifty (50) days before the date of such meeting. The notice of any meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at the meeting except as stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Lot Owner at the address as it last appeared on the records of the Association, with postage thereon prepaid.

Section 4.04. Waiver of Notice. Attendance at a meeting shall be deemed waiver of notice of all business transacted unless objection by a Member or by a member of the Board of Directors to the calling or convening of the meeting is raised before the business is put to a vote.

Section 4.05. Voting. If the meeting agenda requires a membership vote to elect any Officer, or any other person to any office within the Association, all Lot Owners in good standing shall receive a written ballot for such election at the time notice of the meeting is provided pursuant to § 4.03.

Section 4.06. Majority. As used in these By-Laws, the majority shall mean those votes totaling more than fifty percent (50%) of the total number of votes cast.

Section 4.07. Quorum. Except as otherwise provided in these By-Laws or in the Covenants, the presence in person of Members representing greater than ten percent (10%) of the total votes of the Membership shall constitute a quorum at all meetings of the Association.

Section 4.08. Conduct of Meetings. The President of the Association shall preside over all meetings of the Association and of the Board of Directors. The Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring.

ARTICLE V
BOARD OF DIRECTORS; CHAIRPERSON OF THE ARC;
SELECTION AND TERMS OF OFFICE; COMPENSATION; REMOVAL

Section 5.01. Election and Term of Office. Association elections shall be held in accordance with the Covenants for the election of such Officers and for such terms as specified therein. Officers shall assume office on the first day of January following the election.

Section 5.02. Board of Directors. The Board of Directors shall consist of the President, a Senior Vice President, a Vice President, a Secretary and a Treasurer. No person may be elected to the same office for more than two consecutive terms.

Section 5.03. Architectural Review Committee. Members of the Architectural Review Committee (“ARC”) shall be appointed by a majority of the Board to serve two year staggered terms, and shall assume office on the first day of January following appointment, or at such other time as specified by the Board of Directors. The ARC shall have not less than five (5) members, all of whom shall be Members of the Association. No person shall serve as Chairperson for more than four consecutive terms.

Section 5.04. Nominating Committee. Nominations for the election of members to the Board of Directors shall be made by a Nominating Committee of not less than three Members. The Nominating Committee shall be appointed by the Board of Directors at the beginning of each calendar year to serve a one-year term. The Nominating Committee shall use its best efforts to obtain at least two candidates for each office to be filled. Any Member in good standing may have his/her name placed on the ballot by requesting in writing not less than sixty (60) days prior to an election that the Nominating Committee place his/her name on the ballot for the Office to which he/she seeks election. The Nominating Committee shall provide the names of the candidates to the Board of Directors not less than forty-five (45) days prior to any election. Write-in votes and nominations from the floor will not be accepted at Association meetings at which Officers are elected.

Section 5.05. Removal From Office/Vacancies. If a vacancy occurs among the Officers, the Board of Directors shall fill the vacancy until the next Annual meeting, at which time the vacancy shall be filled for the remainder of the term by election of the Members in accordance with § 3.03 of the Covenants.

Section 5.05.01. Removal and Replacement of Director. Any Director who has three consecutive unexcused absences from Board meetings or who is delinquent in payment of any Assessment for more than thirty (30) days may be removed by the vote of a majority of the Directors present at a meeting at which a quorum is present and the Director has received notice of the intention to remove him/her from office. In the event of removal, death, disability, or resignation of a Director, the Board shall declare a vacancy and such vacancy may be filled by the Board only until the next Annual Meeting of the Association. The person filling the vacancy shall then serve until the end of the regular term of the Director being replaced. A Director may also be removed, with or without cause, by a majority of the votes cast at a Special Meeting of the Members of the Association called in accordance with the Covenants.

Section 5.05.02. Removal of The ARC Chairperson or Member. The Chairperson of the ARC may be removed as chair, with or without cause, by a majority vote of the Board of Directors. Any member may be removed from the ARC, with or without cause, by a majority vote of the Board of Directors.

Section 5.06. Compensation. No Director, Officer or Member shall receive any compensation for any service he/she may render to the Association. However, any Director, Officer or Member may be reimbursed for actual expenses incurred in the performance of his/her duties on behalf of the Association.

ARTICLE VI **MEETINGS OF DIRECTORS**

Section 6.01. Meetings. Regular meetings of the Board of Directors shall be held not less than once every two (2) months at such place and time as may be fixed from time to time by resolution of the Board of Directors. All regular or special meetings of the Board of Directors shall be open to Members of the Association and Members shall be given notice of all meetings, whether regular or special; provided, however, the Board may go into executive session after any meeting for the purpose of discussion only, and provided further no votes may be taken at such executive session. The Secretary of the Association shall record any votes taken at all such meetings and the minutes of regular meetings shall be provided to the Members.

Section 6.02. Quorum. A majority of the number of Directors constitutes a quorum for the transaction of business. Every act done or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 6.03. Waiver of Notice. The transactions at any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present because of lack of notice signs a written waiver of notice. The waiver of notice need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. The written waiver(s) of notice shall be spread upon the minute books of the Association. In addition, the Secretary of the Association shall record any votes taken at such meeting and the minutes of such meeting shall be provided to the Members.

Section 6.04. Adjournment of Meetings. No meeting shall be held unless a quorum is present.

Section 6.05. Telephonic Participation. One or more Directors may participate in any regular or special meeting of the Board by telephone conference call, and those Directors so participating shall be counted for quorum purposes.

ARTICLE VII
RESPONSIBILITIES OF THE BOARD OF DIRECTORS;
STANDARDS OF CONDUCT

Section 7.01. General. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors may do all such acts as are not prohibited by law, these By-Laws, or the Covenants.

Section 7.02. Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.01, the Board of Directors shall be empowered and shall have the powers and duties as follows:

- (a) To administer and enforce the Timberlake Estates Documents;
- (b) To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary, in the discretion of the Board and as authorized by the Timberlake Estate Documents, for the operation, use and occupancy of Timberlake Estates, with the right to amend such rules and regulations from time to time. A copy of such rules and regulations shall be delivered to or mailed to each Member promptly after adoption or amendment;
- (c) To keep in good order, condition and repair all the Common Areas and all items of personal property, if any, used in the enjoyment of the Common Areas. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Covenants or these By-Laws;
- (d) To fix, determine, levy and collect the annual Assessments to be paid by each of the Members towards the annual expenses of the Association; and to adjust, decrease or increase the amount of the Assessments in accordance with the Covenants, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period;
- (e) Upon approval of a majority of the Members at an Annual Meeting, or at a Special Meeting called for such purpose, to levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All such requests for special Assessments shall set forth in detail the various expenses for which the Assessments are being requested;
- (f) To levy and collect fines and default Assessments for violations of the Timberlake Estates Documents or as specifically authorized under the Timberlake Estates Documents;
- (g) To collect delinquent Assessments and late charges by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Covenants and these By-Laws; and to exercise other remedies for delinquent Assessments as set forth in the Covenants;

- (h) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Covenants and these By-Laws and to authorize the appropriate Directors to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary; provided, however, that the Board shall not borrow more than \$10,000 or cause the Association to be indebted for more than \$10,000 at any one time without prior approval of a majority of the Members at an Annual or Special Meeting;
- (i) To enter into contracts within the scope of the power and duties specified in these By-Laws, and in accordance with such procedures as the Board of Directors may specify by written resolution;
- (j) To establish a bank account for the operating account of the Association and for all separate funds which are required or may be deemed advisable by the Board of Directors;
- (k) To develop, approve, supervise and manage the annual Association budgets established to cover the operational cost of the Association. The Board shall include a reserve fund in each budget to cover the cost of any major capital expenditure that is anticipated by the Board to occur in the future;
- (l) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees at convenient weekday business hours;
- (m) To maintain any and all private roads;
- (n) To effect the maintenance of the lawn, trees, shrubs, other landscaping and the sprinklers or other irrigation systems located on or in Common Areas, for the benefit of the Members.
- (o) To supervise and appoint the Architectural Review Committee; and
- (p) To maintain a schedule of fines for violations of the Association's rules, regulations, policies and procedures which shall be published to all Members from time to time as the Board shall direct. In addition, the ARC shall maintain a list of fines for failure to comply with its procedures and policies. The Board of Directors and the ARC shall have the authority to change the fines from time-to-time.

Section 7.03. Accounting and Reports. The following management standards of performance will be followed unless the Board of Directors by resolution specifically determines otherwise:

- (a) Cash accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) Accounting and controls should conform to established accounting guidelines and principles. A segregation of accounting duties should be maintained and disbursements by check shall require signatures as the Board of Directors shall require by resolution. Cash

disbursements shall be limited to amounts of \$25 and under;

(c) Periodic reports shall be prepared for the Board of Directors, as the Board shall direct from time-to-time. Such reports shall contain such detail as the Board may request. The Board may also request other reports, such as periodic balance sheets, as the Board may require to stay fully informed as to the financial affairs of the Association.

Section 7.04. Standards of Conduct. No remuneration shall be accepted by the Board of Directors or by any Officer or member of any committee from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise. Anything of value received by a Director, Officer, or member of any committee shall accrue to the benefit the Association. Any financial or other interest which a Director, Officer or member of any committee may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors.

ARTICLE VIII **DUTIES OF OFFICERS**

Section 8.01. President. The President shall preside at all meetings of the Association and, with approval of a majority of the Board of Directors, may appoint such committees as may be necessary or expedient from time-to-time.

Section 8.02. Senior Vice President. In the absence of the President, the Senior Vice President shall perform the duties of the President. The Senior Vice president shall also generally assist the President and shall perform such other duties as may be prescribed by the Association.

Section 8.03. Vice President. In the absence of the Senior Vice President, the Vice President shall perform the duties of the Senior Vice President. In the absence of both the President and the Senior Vice President, the Vice President shall also assume the duties of both those offices. The Vice President shall also generally assist the Senior Vice President and shall perform such other duties as may be prescribed by the Association.

Section 8.04. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall, if requested, read such minutes of each meeting for approval. The Secretary shall provide notices that are required for all Association and Board of Directors meetings. The Secretary shall also perform such other duties as may be prescribed by the Association.

Section 8.05. Treasurer. The Treasurer shall have charge of all receipts of the Association and shall timely deposit all receipts in a bank approved by the Association. The Treasurer may disperse funds as required and in accordance with such policies and procedures as approved by the Board of Directors or the Association. The Treasurer will keep regular accounts of receipts and disbursements and present such records when requested. The Treasurer, the President and either Vice President may sign checks in such amounts and in accordance with procedures specified in a resolution adopted by the Board of Directors or the Association.

ARTICLE IX
DISPUTE RESOLUTION

Section 9.01. Violations of Rules or other Disputes. Neither the Board of Directors nor any Committee, including the ARC, may impose a fine, suspend voting rights or suspend any rights of a Member or other occupant for violations of rules and regulations of the Association or of the Timberlake Estates Documents unless the following procedure is followed:

(a) A written demand, from the Committee that has jurisdiction over the alleged violation, to cease and desist from the alleged violation shall be served upon the Member, specifying:

- (i) The alleged violation;
- (ii) The action required to remove or abate the alleged violation; and
- (iii) If the alleged violation is a continuing one, a time period of not less than five (5) business days shall be allowed during which the violation may be removed or abated (or if the alleged violation cannot be abated within five (5) business days the Member shall have taken reasonable steps to begin to remove the alleged violation) without further sanction.

(b) At any time within 12 months of such demand specified above, if the alleged violation continues past the period allowed in the demand for removal or abatement without penalty, or if the same rule or regulation is subsequently violated, the Committee that has jurisdiction over the alleged violation may serve the Member with written notice of the sanction to be imposed. The notice shall contain:

- (i) The alleged violation;
- (ii) The date the sanction will begin and the action required to stop a continuing sanction;
- (iii) The sanction being imposed; and
- (iv) A statement advising the Member that he/she may request in writing, within five (v) business days of the receipt of the notice, a hearing at which the Member may produce any statement, evidence or witnesses that the Member believes show that he/she is not in violation of the Association's rules or regulations.

(c) A hearing shall be held by a Hearing Panel

- (i) if timely requested by the Member, within ten (10) business days of the Member's request. If the Member does not request a hearing within the permitted time period, the sanction imposed by the Committee shall be considered final and the Member's failure to request a timely hearing shall be considered a waiver of the Member's right to appeal in any forum.
- (ii) The Hearing Panel shall consist of five (5) Members of the Association (none of whom shall be a member of the Board of Directors or of the Committee having jurisdiction of the dispute at issue), the names of whom shall be randomly drawn from a pool of Members maintained by the Board of Directors for hearing such disputes. The Hearing Panel shall elect a Chairperson to preside. The Committee must present,

though its designee, competent evidence of the nature of the violation, evidence of the demand to remove or abate the violation, evidence of the status of the violation, and a statement of the proposed sanction to be imposed.

(iii) The Member shall be given a reasonable opportunity at the hearing to present relevant evidence (documentary or verbal) to negate or contradict the Committee's findings or to mitigate the proposed sanction. By vote of not less than three members of the Hearing Panel, a decision to sustain, modify or reverse the sanction shall be made. The Hearing Panel shall make a decision by including it as an addendum to the final minutes of the hearing, within three (3) business days following the conclusion of the hearing. The addendum shall contain a written statement of the rulings of the Hearing Panel and the sanction, if any, imposed, and shall be communicated to the affected Member in the same manner as a hearing notice, unless other reasonable means of notice is requested at the hearing by the Member and granted by the Chairperson of the Hearing Panel.

(d) If the Hearing Panel issues a decision adverse to the Member, the Member shall either (i) comply with the decision or (ii) appeal to the Board of Directors. A request for an appeal to the Board of Directors must be submitted in writing within seven (7) business days of notice of the Hearing Panel's decision. If the Member does not request an appeal to the Board of Directors within the permitted time period, the decision of the Hearing Panel shall be final and the Member's failure to appeal to the Board of Directors shall be considered a waiver of the Member's right to appeal in any forum. Upon receipt of a timely request, the President shall call a special meeting of the Board of Directors to be held within seven (7) business days of receipt of the Member's request. The Member, Chairperson of the Hearing Panel and Chairperson of the Committee will be notified in writing of the time, date, and place of the meeting. The Chairperson of the Hearing Panel shall present the demand, notice, hearing request, decision, and minutes of the Hearing Panel. The Member and the Committee shall each have the opportunity to present to the Board of Directors the reasons the Hearing Panel's decision is correct, should be reversed or modified, as applicable. The evidence which was given to the Hearing Panel may be re-offered to the Board, but no new evidence shall be presented and the Member's and the Committee's arguments shall be limited to the evidence presented to the Hearing Committee. Minutes of the meeting shall be recorded, and the decision of the Board of Directors shall be given in writing within seven (7) business days following the meeting and notice shall be given to all affected parties.

(e) If the Hearing Panel issues a decision adverse to the Committee, the Committee may appeal to the Board of Directors. A written request for an appeal must be submitted to the Board of Directors and notice given to the affected Member(s) within seven (7) business days of the Hearing Panel's decision. If the Committee does not request a meeting with the Board of Directors within the permitted time period, the decision of the Hearing Panel shall be final. Upon receipt of a timely request, the President shall call a special meeting of the Board of Directors to be held within seven (7) business days of receipt of the committee's request. The Member, Chairperson of the Hearing Panel and Chairperson of the Committee will be notified in writing of the time, date, and place of the appeal meeting. The Chairperson of the Hearing Panel shall present the demand, notice, hearing request, decision and minutes of the

Hearing Panel. The Member and the Committee shall each have the opportunity to present to the Board of Directors the reasons the Hearing Panel's decision is correct or reasons it should be reversed or modified, as applicable. The evidence which was given to the Hearing Panel may be re-offered to the Board, but no new evidence shall be presented and the Member's and the committee's arguments shall be limited to the evidence presented to the Hearing Panel. Minutes of the meeting shall be recorded, and the decision of the Board of Directors shall be given in writing within seven (7) business days following the meeting.

(f) The procedures specified in this Article IX shall not be necessary in order to impose any penalty for non-payment of a delinquent Annual or Special assessment required to be paid by all Members for maintenance of the subdivision.

(g) The Architectural Review Committee shall comply with the procedures specified in this Article IX before requiring modification or removal of any improvement erected without its proper approval or before fining any Member for violations of any policies, procedures, rules, or regulations which the ARC has adopted or may in the future adopt. It is the express intention of these By-Laws that all disputes, claims or controversies between the ARC and a Member, including but not limited to disputes relating to the approval or disapproval of plans, specifications or other documents that Members may be required to submit in order to obtain approval to build, erect, or modify any improvements on his/her Lot, shall be settled in accordance with this Article IX. If the ARC shall deny, disapprove or approve with conditions a Member's application, either wholly or in part, to erect any improvement on his/her Lot, the Member may, within thirty (30) days of such denial, disapproval, or approval with conditions request a hearing pursuant to § 9.01(c). In the event of further appeal by the Member or ARC, the provisions of §§ 9.01(d) and (e) shall apply, as applicable.

(h) This Article IX shall apply to all disputes existing on the date these By-laws are adopted.

ARTICLE X ARBITRATION

Section 10.01. ARBITRATION. AFTER EXHAUSTING THE REMEDIES SPECIFIED IN ARTICLE IX, UPON WRITTEN NOTICE GIVEN BY THE MEMBER TO THE BOARD OF DIRECTORS WITHIN 30 DAYS FOLLOWING THE BOARD OF DIRECTORS' DECISION PURSUANT TO ARTICLE IX, §§ 9.01(D) OR (E), ANY REMAINING DISPUTE, CLAIM OR CONTROVERSY SHALL BE SETTLED BY ARBITRATION BEFORE A SINGLE ARBITRATOR. THE AMERICAN ARBITRATION ASSOCIATION SHALL ADMINISTER THE ARBITRATION IN ACCORDANCE WITH ITS COMMERCIAL ARBITRATION RULES AND JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE ARBITRATOR SHALL ALSO HAVE POWER TO ISSUE AN INJUNCTION IF REQUIRED TO PROHIBIT CONTINUING VIOLATIONS OF THE COVENANTS OR THESE BY-LAWS. THE ARBITRATION SHALL BE HELD AT SUCH LOCATION AND TIME AS THE PARTIES AGREE. THE ARBITRATOR SHALL AWARD TO THE PREVAILING PARTY ALL ITS COSTS AND FEES. COSTS AND FEES MEAN ALL REASONABLE PRE-AWARD

EXPENSES OF THE ARBITRATION, INCLUDING THE ARBITRATOR'S FEES, ADMINISTRATIVE FEES, TRAVEL EXPENSES, AND OUT-OF-POCKET EXPENSES, SUCH AS COPYING, TELEPHONE, WITNESS AND ATTORNEY FEES.

**ARTICLE XI
INDEMNIFICATION**

Section 11.01 Indemnification. The Association shall indemnify the Board of Directors, Officers, committee members, and their respective successors, personal representatives and heirs against all loss, costs and expenses, including attorney fees reasonably incurred by such person in connection with any action, suit or proceeding to which such person may be made a party by reason of such person's being or having been a Director, Officer, or committee member, except as to matters as to which such person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of such person's duties as a Director, Officer or committee member. The right to indemnification shall not be exclusive of any other rights to which a Director, Officer or committee member may be entitled.

**ARTICLE XII
AMENDMENTS**

Section 12.01. Amendments. These By-Laws may only be amended in accordance with Article XIV of the Covenants.

IN WITNESS WHEREOF, The duly elected Board of Directors of Timberlake Estates Owners Association hereby certify that the foregoing By-Laws were adopted by the Members of the Association on _____, 2005.

President

Senior Vice President

Treasurer

Vice President

Secretary