

Sheffield Homeowners Association, Inc.

By- Laws For The Executive Board

ARTICLE I

SECTION 1.01 Number of Directors. An Executive Board consisting of three (3) Directors shall govern the affairs of the Association. Directors shall serve until their successors take office.

SECTION 1.02 Term of Directors and Compensation. Homeowners who are elected to be Directors shall serve 3, 2, 1, year terms, on a rotating basis. Each Director shall continue to hold office until his successor takes office. The Directors shall serve without compensation.

SECTION 1.03 Nominations to the Executive Board. Homeowners may be nominated for election to the Executive Board in one of the following ways:

- (A) A Director shall be deemed to have been nominated for reelection to that position by his signifying his/her intention to seek reelection in writing addressed to the Executive Board.
- (B) An Homeowner who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election as a Director upon his/her filing with the Executive Board a written notice of nomination.

SECTION 1.04 Vacancy on the Executive Board. If the office of any Director shall become vacant by reason of his/her death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor, who shall hold office until the expiration of the term of the Director he/she is replacing. In the event that there shall be a deadlock in the voting for a successor, the Director with the longer continuous term on the Executive Board shall select a successor. At the expiration of his/her term, the replacement Director shall be re-elected or his/her successor shall be elected in accordance with Section 1.01 hereof.

SECTION 1.05 Removal of Directors. Directors may be removed with or without cause, by a two-thirds (2/3) vote of the Homeowners at any special meeting of the Association of which notice has been properly given as provided in these By-Laws; provided that the same notice of the special meeting has also been given to the entire Executive Board and any individual Director whose removal is to be considered at this special meeting.

SECTION 1.06 Organizational Meeting of the Executive Board.

No later than twenty (20) days following the First Election Meeting, the Transitional Meeting and each annual meeting of the Association, the Executive Board shall hold a regular meeting for the purposes of organization, election of officers and transaction of other business. Notice of this meeting shall be given to all Directors in accordance with Section 1.08 hereof.

SECTION 1.07 Place of Meetings. All meetings of the Executive Board shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Executive Board or by written consent of all Directors.

SECTION 1.08 Regular Executive Board Meetings. Regular meetings of the Executive Board may be held at any time and place permitted by law or the Executive Board may determine as from time to time. Notice of regular meetings of the Executive Board shall be given to each Director personally, by telegram, telephone, e; mail or by United States mail, with postage prepaid, directed to him at his/her last known post office address as the same appears on the records of the Association, at least five (5) days and not more than twenty (20) days before the date appointed for this meeting. This notice shall state the date, time and place of the meeting and purpose or purposes thereof.

SECTION 1.09 Special Executive Board Meetings. Special meetings of the Executive Board may be called by the President of the Association on three (3) days' written notice to each Director given in the same manner as provided in Section 1.08 hereof. The President/ Vice President or the Secretary in like manner upon the written request of any two (2) Directors shall call special meetings of the Executive Board.

SECTION 1.10 Waiver of Notice. Before any meeting of the Executive Board, whether regular or special, any Director may, in writing, waive notice of the meeting and this waiver shall be deemed equivalent to the giving of the required notice. All written waivers shall be filed with the records of the Association or made a part of the minutes of the meeting. Attendance by a Director at any meeting of the Executive Board shall likewise constitute a waiver by him of the required notice. If all Directors are present at any meeting of the Executive Board, no notice of the meeting shall be required and any business may be transacted at this meeting except as prohibited by law or these By Laws.

SECTION 1.11 Quorum. At all duly convened meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these Bylaws or by law, and the acts of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, the Director present may adjourn the meeting from time to time and, at the adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to any Director.

SECTION 1.12 Consent in Writing. Any action by the Executive Board may be taken without a meeting if all of the Directors shall individually or collectively consent in writing to the action. This written consent or consents shall be filed with the minutes of the proceedings of the Executive Board. Any action by written consent shall have the same force and effect as a unanimous vote of the Executive Board.

SECTION 1.13 Records. The Executive Board shall cause a complete record of all of its acts and corporate affairs to be kept and to present a statement thereof to the Homeowners at the annual meetings of the Association or at any special meeting where this statement is requested in writing by one-fourth (1/4) of the Homeowners entitled to vote.

SECTION 1.14 Power and Duties. The Executive Board shall have and exercise all lawful powers and duties necessary for the proper administration of the affairs of the Association. In the performance of its duties as the governing body of the Association, in addition to those powers and duties set forth, in the Declaration, the Executive Board shall have powers and duties including, but not limited to, the following:

(a) Duties:

- (I) Each Director individually and the Executive Board collectively to perform the duties of the Executive Board in good faith, as a fiduciary of the Association, in a manner which the Director reasonably believes to be in the best interests of the Association and to perform these duties with the care of a person of ordinary prudence under similar circumstances, including, but not limited to reasonable inquiry, skill and diligence.
- (II) Provide for the operation, maintenance, administration, regulation, sanitation, renewal, repair, replacement, insurance, care and upkeep of the Common Elements to the extent provided in the Declaration and all property, real or personal, of the Association.

SECTION 1.14 Power and Duties continued

- (III) Determine the General Common Expenses and Limited Common Expenses and assess the same against the Homeowners in accordance with the provisions of the Declaration, and these Bylaws.
- (IV) Levy and collect, in addition to the regular Assessments for General Common Expenses and Limited Common Expenses, special Assessments in those amounts which the Executive Board deems proper, whenever the Executive Board is of the opinion that it is to do so in order to meet increased operating or maintenance costs or additional capital or because of emergencies.
- (V) Use and expend any sums collected from regular and special Assessments for the cost of any construction, reconstruction, repair or replacement of capital improvement upon the Common Area.
- (VI) Maintain the Common Elements at a condition at least equal to that which existed at the time of the Transitional Meeting.
- (VII) Maintain a reserve fund adequate for the repair and replacement of the Common Elements that the Association has an obligation to repair and replace under the Declaration.

SECTION 1.14 Power and Duties continued

- (VIII) Maintain blanket fidelity bonds for all Directors, officers, management companies and employees of the Association and all other persons who handle or are responsible for funds of or administered by the Association. The total amount of fidelity bond coverage shall be adequate as determined by the Executive Board but not to be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or management company employed by the Association, as the case may be, at any given time during the term of each bond. In no event, however, may the aggregate amount of these bonds be less than a sum equal to three months aggregate Assessments of the Association on all Homeowners plus the reserve funds of the Association. Such fidelity bonds shall name the Association as an obligee, contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions, and provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association, to any Insurance Trustee (as hereinafter defined) and to any service on behalf of FNMA. The premiums for such fidelity bonds shall be paid by the Association as part of the General Common Expenses.
- (IX) Pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Homeowner or otherwise properly chargeable to a Homeowner.

SECTION 1.14 Power and Duties continued

- (X) Collect Delinquent Assessments, late charges and other charges made by the Association through the Executive Board against any Homeowner, together with the costs and expenses incurred in connection therewith, including, but not limited to, court costs and expenses incurred in connection therewith, including, but not limited to, court costs and attorneys' fees, whether by suit or otherwise, to abate nuisance and enforce observance of the rules and regulations relating to the Community, by injunction or any other legal action or means which the Executive Board may deem necessary or appropriate.
- (XI) Cause operating, escrow and other accounts, if any, to be established and opened as the Executive Board may deem appropriate from time to time and as may be consistent with generally accepted accounting practices.
- (XII) Adopt a budget for each fiscal year which shall contain estimates of the cost and expenses of the Association, including, but not limited to, the following items:
 - (A) Common Expenses which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, repair, replacement, management, insurance and operation of the Common Elements and any and all services, casualty and liability insurance, administrative and office expenses and reserves and the costs associated with the administration of the Association:
 - (B) Reasonable amounts to be credited or allocated for reserves for replacement of those Common Elements, which require replacement, renovation or rehabilitation periodically.

SECTION 1.14 Power and Duties continued

(C) Proposed Assessments against each Homeowner for the fiscal year.

Copies of the proposed budget and Assessments shall be distributed to all Homeowner at least thirty (30) days prior to the beginning of each fiscal year and shall be available to all Homeowners for inspection during regular business hours at the Association's office. If the budget is subsequently amended before the Assessments are made, a copy of the amended budget shall also be distributed and made available for inspection. Subject to the provisions of Section 1.14 (a)(IV), nothing herein contained shall be construed as restricting the right of the Executive Board, at any time and in its sole discretion, to levy a Special Assessment in the event that the budget as originally adopted shall appear to be insufficient to pay the cost of the operation or management of the Community or in the event of emergencies.

- (XIII) Cause a financial statement to be compiled of the books and accounts of the Association to be made by a competent independent public accountant within 90 days after the end of each fiscal year.
- (XIV) Maintain accounting records in accordance with generally accepted accounting principles and keep financial records sufficiently detailed.

SECTION 1.14 Power and Duties continued

- (XV) Keep the Common Facilities and the Controlled Facilities and personal property owned by the Association insured, as provided in the Declaration, for the benefit and protection of the Homeowners and the Association. The Executive Board shall have the power to name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement or any successor to this trustee (each of whom shall be referred to under any policy providing property or liability insurance. The Association, by its Executive Board, shall be required to receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Homeowners and their Eligible Mortgagees, as there interests may appear, in accordance with the Declaration. The Association or any insurance trustee shall have the power to act as attorney-in-fact for the purpose of purchasing and maintaining this insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents with respect to this insurance and the performance of all other acts necessary to accomplish these purposes.
- (XVI) Establish depositories for the Association with the bank or the banks, which shall be, designated from time to time by the Executive Board and in which monies of the Association shall be deposited. Withdrawal of monies shall be only by check signed by those persons who are authorized by the Executive Board. The Executive Board shall have the power to invest monies of the Association in investments either FDIC insured or US Treasury guaranteed.

SECTION 1.14 Power and Duties continued

(B) Powers:

- (I) Employ and dismiss all clerks, stenographers, workmen, gardeners, and other personnel, and to purchase or arrange for all services, machinery, equipment, tools, materials and supplies, which, in the opinion of the Executive Board, may be necessary from time to time for the proper operation, management, repair, replacement, care, upkeep, renewal, insurance and maintenance of the Common Elements.
- (II) Enter into contract for professional management of the Community and the Association, at that price and upon terms determined by the Executive Board, to perform those duties and services, which the Executive Board may lawfully delegate. Any management contract entered into during the period of Declarant control of the Executive Board shall provide for termination by either party without cause on thirty (30) days' written notice thereof to the other party.

SECTION 1.14 Power and Duties continued

- (III) Employ or retain and receive advice from professional counsel and consultants, including, but not limited to, landscape architects, recreation experts, architects, engineers, planners, biologists, lawyers, and accountants, which the Executive Board may deem for any proper purpose of the Association, and to fix the compensation for professional advice or services, including, but not limited to, those hereinbefore or hereinafter referred to in these By Laws. Each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (A) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matter presented; (B) counsel, public accountants or other persons as to the matters which the Director reasonably believes to be within the professional or expert competence of this person; and (C) a committee of the Executive Board, upon which the Director does not serve, duly designated in accordance with the law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence. Each Director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

SECTION 1.14 Power and Duties continued

- (IV) Make and enforce compliance with reasonable rules and regulations relative to the operation, use and occupancy of the Common Elements, Limited Common Elements and Homeowners, including, but not limited to, penalties to be levied for violations of these By Laws, the Declaration and any Rules and Regulations which the Executive Board shall adopt, and to amend the same from time to time as and when approved by appropriate resolutions which shall be binding on the Homeowner and occupants of Homes, their successors and assigns. A copy of any Rules and Regulations and copies of any amendments thereto shall be delivered or mailed to each Homeowner and occupant of a Home promptly upon the adoption thereof.
- (V) Create committees from time to time as the Executive Board shall deem appropriate and to delegate to these committees various duties and powers subject to the ultimate responsibility and authority of the Executive Board. Unless otherwise provided herein, each committee formed by the Executive Board shall consist of a chairman and two (2) or more members and shall include a Director, in addition to the President as an ex officio member, for the Executive Board contact. Appointments of all committees and their members shall be announced by publication to the Homeowners.
- (VI) Borrow and repay monies, give notes, mortgages or other security, upon the terms, which are deemed necessary by the Executive Board.
- (VII) Sell, transfer or otherwise convey real and personal property owned by the Association by deed or bill of sale executed by the appropriate officers of the Association.
- (VIII) Encumber and convey Common Facilities or to assign or pledge its right to receive and collect Assessments subject to the provisions of the Declaration.
- (IX) Effectuate a merger or consolidation with another planned community, if approved by sixty-seven percent (67%) of the Homeowners.

- (X) Do all things incidental and necessary to the accomplishment of the above.

The duties and powers imposed on the Executive Board by this Section 1.14 shall not be amended so as to reduce or eliminate any duties or powers of the Executive Board without the affirmative vote of at least eighty percent (80%) of the Homeowners entitled to vote.

ARTICLE 2

OFFICERS

SECTION 2.01 OFFICERS. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. All Officers may be eligible to hold the office of Treasurer.

SECTION 2.02 ELECTION. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting held pursuant to Section 1.06 hereof and shall hold office until their successors are elected or appointed by the Executive Board; removed either with or without cause and his successor elected at any annual or special meeting of the Executive Board called for this purpose, upon the affirmative vote of a majority of the Directors. The Executive Board may appoint from time to time other officers, which in its judgment are necessary. Any officer may resign at any time by giving written notice to the Executive Board or to the President or Secretary of the Association. Any resignation shall take effect as of the date of the receipt of the notice or any later time specified therein and, unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

SECTION 2.03 VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By Laws for regular appointments to that office.

SECTION 2.04 PRESIDENT. The President or Vice President shall be the chief executive officer of the Association and shall preside at all meeting of the Association and of the Executive Board. He shall have the general powers and duties usually vested in the office of the president of community association, including, but not limited to, the power to appoint ad hoc committees from among the Homeowners from time to time as he may deem appropriate to assist in conduct of the affairs of the Association. The President, Vice President shall be an ex-officio member of all standing committees, if any. He shall execute all amendments to the Declaration, deeds, contracts and other instruments in the name and on behalf of the Association and under its corporate seal when a seal is required, except when these documents are required or permitted by law to be otherwise executed and except when the signing and execution thereof shall be delegated by the Executive Board to another officer or agent of the Association.

SECTION 2.05 SECRETARY. The Secretary shall attend all meetings of the Executive Board and all meetings of the Association and record all votes and the minutes of all meeting and proceedings, including resolutions, in the Minute Book, and shall perform these duties for any committees when required. He shall have charge of the Minute Book and the records and papers which the Executive Board shall direct and shall perform all duties incident to the office of Secretary, including the sending of notices of meetings to the Homeowners, the Directors and committee members, and all other duties which may be prescribed by these By Laws, the Declaration or by the Executive Board or the President. He shall also have custody of the corporate seal, and, when authorized by the Executive Board, shall affix the same to any instrument requiring it and attest the same when appropriate. The Secretary shall keep or cause to be kept at the principal office of the Association, membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all Homeowners; and (c) the Homeowners as to which each ownership relates.

SECTION 2.06 TREASURER. The Treasurer shall have the responsibility for the Association's funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Association, in depositories which may be designated from time to time by the Directors Board. He shall disburse the funds of the Association, which may be ordered from time to time by the Executive Board or by the meetings of the Executive Board, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Association. Nothing shall prohibit the functions of the Treasurer to be delegated to a management company for the Association provided this delegation is approved by resolution of the Executive Board. The delegation of the duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by the agent.

SECTION 2.07 COMPENSATION. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred by them in the discharge of their duties.

ARTICLE 3

ASSOCIATION BOOKS AND RECORDS

SECTION 3.01 ASSOCIATION BOOK AND RECORDS. The Executive Board shall make available to the Homeowners current copies of the Declaration, these By Laws, the Rules and Regulations of the Association and the books, records and financial statements of the Association. For purposes of this paragraph, "available " shall mean available for inspection, upon request, during normal business hours of the Association at the office of the Association or another location designated by the Executive Board. Any mortgages shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting (provided the cost of copying the requested financial statement may be assessed by the Association against the Homeowner against which the requesting party holds, insured or guarantees a lien).

ARTICLE 4

AMENDMENTS TO THE BY LAWS

SECTION 4.01 AMENDMENTS TO THE BY LAWS. Except as otherwise provided herein, these By Laws may be amended from time to time by the affirmative vote, present in person, by mail ballot or by proxy at a meeting of the Association of at least fifty-one percent (51%) of the Homeowners.

ARTICLE 5

TERMINATION

SECTION 5.01 TERMINATION. In the event the Community is terminated in its entirety pursuant to the provisions of the Declaration, the Association shall remain in existence until the distribution of assets, allocation of interests and all other aspects of the termination have been completed.

ARTICLE 6

MISCELLANEOUS

SECTION 6.01 FISCAL YEAR. The fiscal year for the Association shall be from August 1 to September 31.

SECTION 6.02 CONSTRUCTION. Number and gender, as used in these By Laws shall extend to and include both singular and plural and all genders as the context and construction requires.