

By-Law
Amended October 21, 2015

Appendix “A” - Deed Restrictions

NB - The By-Law provides that

“(a) In the event of any conflict or inconsistency between the By-laws and the remainder of the Governing Documents as defined herein, the By-laws shall have priority over the aforesaid Governing Documents and to the extent of any such conflict or inconsistency, the By-Laws shall prevail.

(b) The Directors may, at any time and from time to time, amend the provisions of the registered Building Scheme and Deed Restrictions, by passing By-laws not inconsistent with the objects of the Association.”

Appendix “B” - Townhome Unit Plans and Descriptions

**SOUTHWOOD LAKES COMMUNITY DEVELOPMENT
ASSOCIATION**

BY-LAW NO. 1

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ARTICLE I - INTERPRETATION AND PURPOSES

1. DEFINITIONS

In this By-law, unless the context otherwise requires, the following words and terms shall have the meanings ascribed to them as follows:

- (a) "Assessment" means the Annual Assessment, Special Assessments and Supplemental Assessments levied by the Association upon the Members pursuant to Article VI of this By-law;
- (b) "Association" means Southwood Lakes Community Development Association, a nonprofit corporation;
- (c) "Betterment(s)" means any addition to or alteration of the basic unit made at the time of original construction or after the time of original construction. They include any and all changes in the exterior

townhome components or Board initiated alteration, whether the board has approved such change or not. They include, but are not limited to, decks, additional landscaping, awnings, pergolas, expanded patios, additional or expanded sidewalks, and supplementary irrigation. The Board's determination as to whether or not an addition or alteration is a betterment is final."

(d) "Block" means any portion of Southwood Lakes that has not been subdivided into building lots, and shall include Townhome Lands;

(e) "By-Law" means this By-law No. 1, as it may be amended from time to time in accordance with the provisions hereof or the Corporations Act, RSO, 1990;

(f) "Common Areas" shall mean all real and personal property (or interest therein) located in Southwood Lakes that is owned by the Association, or that has been or hereafter may be conveyed or transferred to The Corporation of the City of Windsor and any buildings or structures erected thereon including but not limited to the recreational areas. (Deed Restrictions)

(g) "Deed Restrictions" means the Deed Restrictions related to the Townhouse Lands and registered in the Land Registry Office for the County of Essex, as amended from time to time, and appended hereto as Appendix "A".

(h) "Developer" means Southwood Lakes Holdings Ltd. and its successors, beneficiaries or assigns;

(i) "Director" means a member of the Board of Directors of the Association;

(j) "Directors" means the Board of Directors of the Association elected by the members in accordance with this By-law;

(k) "Exterior Townhome Components" means as included in the townhome unit plans and descriptions appended hereto as Appendix "B" and excluding any Betterments, the Townhome roof, chimneys, exterior walls, foundations, dormers, and exterior architectural features (including porches), exterior hardware, exterior lighting, driveways, sidewalks, irrigation systems and landscaping as described by the registered site plan #12M-29, the boundary fences and the community mail boxes;

(l) "Governing Documents" - means the Supplementary Letters Patent, the registered Deed Restrictions, the registered Building Scheme, the Association By-Law, and the Southwood Lakes Policy handbook also known as the Southwood Lakes Community Development Association Policies. By virtue of the definition of "Members" contained in this By-law, deemed consent is provided by the Members for compliance with the Governing Documents.

(m) "Letters Patent" means the Letters Patent issued by the Province of Ontario of the Association;

(n) "Majority" means more than fifty percent of votes cast (for, against, abstentions), or for the purpose of a Directors' quorum, fifty percent plus one (50% + 1) of the Directors.

(o) "Members" shall mean all owners of, or party who has equitable interest in, a Southwood Lakes Townhome. Despite anything to the contrary, Members shall not include any owners/residents of a single family dwelling but rather only owners of the 239 townhome-style residences that share a common wall. By virtue of this definition of Members, all Members are deemed to consent to the Association's Governing Documents and are subject to the rights, privileges and obligations contained therein. For greater certainty, there shall be only one voter per Townhome";

(p) "Southwood Lakes Townhome" or "Townhome" means a townhouse and the land conveyed to any purchaser of a townhouse within Southwood Lakes;

(q) "Townhouse Lands" means those properties being a part of Southwood Lakes more particularly described as the Townhouse properties (including applicable Exterior Townhome Components and Common Areas, as such terms are defined herein and in the Deed Restrictions) on Imperial Crescent, Thurso Way, Hacienda Way, Grantham Way, Ascot Court, Bradbury Court, Cranston Court, Dali Court and Eagle Crescent, in the City of Windsor, in the County of Essex.

(r) "Southwood Lakes Policy Handbook" - means the Southwood Lakes Community Development Association Policies that provide procedures and specifications regarding maintenance, repairs and alterations to the Townhome and Townhome Lands as determined by the Directors from time to time, acting in the best interest of the Association in order to assist Members in maintaining conformity with the spirit and intent of the Association's objectives. The Southwood Lakes Policy Handbook may be amended, from time to time, by the Directors, as they deem necessary in their absolute discretion.

2. INTERPRETATION

For all purposes of this By-law, except as otherwise expressly provided or unless the context otherwise requires:

- (a) all terms used herein which are denoted with initial capital letters shall have the meanings assigned to them in Section 1 of Article I of this By-law;
- (b) the headings are for convenience only and do not form a part of this By-law, nor are they intended to interpret, define or limit the scope, extent or intent of this By-law or any provisions thereof;

- (c) any references to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, as they read at the date hereof;
- (d) any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity; and
- (e) words purporting the masculine gender include the feminine and neuter and words in the singular include the plural and vice versa.

3. PURPOSE OF THE ASSOCIATION

The Association and all of its business and other activities shall be operated and conducted in the promotion of its non-profitable objects and purposes as specified in its Letters Patent; and in the conduct of its affairs the management shall at all times be mindful of these non-profitable objects and purposes.

In addition to the objects and purposes set out in the Letters Patent, the purpose of the Association is to enhance the quality of life within Southwood Lakes and maintain property values for all residents and shall include:

- (a) altering, replacing, repairing and maintaining the “Exterior Townhome Components, excluding betterments, and providing additional landscaping within SouthLakes;
- (b) acquiring and paying for such casualty, liability and other insurance coverage as the Association may deem necessary or desirable;
- (c) providing for engineering, administration, and accounting services, legal services, and such other professional and employee services as may be deemed appropriate by the Association or its Directors;

- (d) paying all taxes assessed against any and all personal property which may hereafter be acquired by the Association;
- (e) paying any other taxes assessed against or payable by the Association;
- (f) paying expenses required for the operation, management, repair, maintenance, improvement and replacement of any and all personal property which may hereafter be acquired by the Association;
- (g) providing a reasonable contingency fund for the ensuing year and to provide a reasonable annual reserve for anticipated major capital repairs, maintenance and improvement, and capital replacements for any property of the Association;
- (h) paying the operating expenses of the Association, and reimbursement of actual expenses incurred by officers and Directors, if authorized by the Directors;
- (i) repaying any funds borrowed by the Association for any of its lawful purposes, including interest thereon;
- (j) assessing Members for fees and levies and making such expenditures as may be deemed necessary to alter, replace, repair and maintain the Exterior Townhome Components, or any part thereof, which repair, replacement, maintenance and alteration is the responsibility of the Association and shall include lawn maintenance (grass cutting and care, grass trimming and developer's trees), property maintenance and snow removal to the Townhome Units and all costs related to the operation of the Association that may arise, and any other activity deemed desirable by the Directors and approved by the Members for the purpose of accomplishing the intent, purposes and objectives set forth in this By-law.

(k) maintaining rear yard and side yard drainage systems throughout the Townhome/Townhouse lands.

(l) Members shall not erect or install any fences, satellite dishes, swimming pools or any other structure or thing on the property except in compliance with the design criteria imposed by the Directors from time to time by written policy.

(m) the Property shall not be used for the purpose of any profession, trade, or employment service, manufacture or business of any description, nor as a school, hospital or other charitable institution, nor as a hotel, rooming house, or other public resort nor for any sport (other than such games as are usually played in connection with the occupation of a private residence), nor for any other purpose, (other than a residence).

ARTICLE II - OFFICES AND SEAL

1. OFFICES

The Directors may at any time or from time to time establish or change the location of the principal office from any location to another in Essex County.

2. SEAL

The Association shall have a seal stating "Southwood Lakes Community Development Association".

ARTICLE III - MEMBERSHIP

1. CLASSIFICATION AND DESIGNATION

There shall be one class of Members. The owners of each Townhome shall be entitled to one (1) Membership in the Association.

2. TERM OF MEMBERS

Members shall continue as Members for as long as they continue to hold title to a Townhome. When a person ceases to hold such title, the Membership shall automatically pass to the transferee, voluntary or involuntary of such title.

3. MEMBERSHIP CERTIFICATES

The Directors may authorize the issuance of Membership certificates and such certificates may be signed by any officer or Director.

4. RIGHTS OF MEMBERS

Subject to the provisions of Section 18 hereof Members shall have the right to speak on and vote on Association issues before an Annual or Special meeting, including the election of Directors. In the event of dissolution of the Association, each Member shall receive his share of the Association's assets, subject to any default of Assessments by a Member, which share shall be offset by the amount of the default.

5. ANNUAL MEETING

The annual meeting of the Members of the Association shall be held on or at such time or place as may be determined by the Directors. Such meeting shall be held for the purpose of electing Directors and transacting such other business as may be determined by the Directors, or otherwise comes before the meeting.

6. NOTICE OF ANNUAL MEETINGS

Written notice of the annual meeting stating the date, time, place and those matters which the Directors intend to present for consideration by the Members, shall be served, either personally or by first class, registered or certificated mail. Notice shall be delivered not less than

twenty-one (21) nor more than ninety (90) days before the meeting upon each person who appears upon the books of the Association as a member. If mailed, such notice shall be directed to the member at his or her address as it appears upon the Membership books of the Association, unless he or she shall have filed with the Secretary of the Association, a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice of any Annual Meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members.

7. SPECIAL MEETINGS

Special meetings of the Members of the Association for any purposes whatsoever, may be called at any time by the President or by any two Directors; provided, however, that special meetings of the Members for the purpose of removal of Directors and election of their replacement may be called only by thirty-five (35) or more of the Members of the association.

8. NOTICE OF SPECIAL MEETINGS

Written notice of a special meeting stating the date, time, place and general nature of the business to be transacted shall be served personally or by first class, registered or certified mail not less than twenty-one (21) nor more than ninety (90) days before such meeting upon each person who appears upon the books of the Association as a Member. If mailed, such notice shall be directed to each member at his or her address as it appears upon the Membership books of the Association, unless he or she shall have filed with the Secretary a written request that notices intended for him or her shall be mailed to some other address, in which case it shall be mailed to the address designated in such request. No business other than that stated in the notice of a special meeting may be transacted at such meeting.

9. PLACE OF SPECIAL MEETINGS OF THE MEMBERS

Special meetings of the Members shall be held at such place determined by resolution of the Directors.

10. NOTICE OF ADJOURNED MEETING

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, it is not necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted other than by announcement at the meeting to which the adjournment is taken.

11. VALIDATION OF MEETING EFFECTIVELY CALLED OR NOTICED

Notwithstanding anything to the contrary in this by-law, the transaction of business at any meeting of Members, however called and noticed, are valid as though a meeting duly was held after regular call and notice, if a quorum is present in person, and if, either before or after the meeting, each of the persons entitled to vote, not present in person signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof, such waivers, consents or approvals shall be retained with the corporate records or made a part of the minutes of the meeting.

12. RULES OF PROCEDURE FOR MEETINGS

The Rules of Procedure for all meetings of the Association, its Directors and Committees shall Be Roberts' Rules of Order Newly Revised (RONR), except where this By-Law provides a specific procedure.

13. PROXIES

Persons entitled to vote at a meeting of the Members may do so only in person or by proxy. Proxies shall be in the following form:

PROXY

The undersigned, being a member of Southwood Lakes Community Development Association hereby appoints _____ or failing him, _____ with power of substitution, to attend and vote for the undersigned at the annual meeting of Members to be held _____, 20____ and at any adjournments, for the election of Directors; for the appointment and remuneration of auditors; and on such other business as may properly come before the meeting; hereby revoking any proxy previously given.

DATED this day of _____, 20_____

Name of Member - Please Print

Civic Address/Lot and Plan

Signature

14. ACTION BY WRITTEN CONSENT

Any action required or permitted to be taken by the Members may be taken or permitted without a meeting if all Members individually or collectively consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the meeting. The action by written consent shall have the same force and effect as the unanimous vote of the Members.

15. QUORUM

At any meeting of Members, a quorum shall be constituted when Thirty-five (35) Members, entitled to vote, are present in person, or represented by proxy, at such meeting. To be counted towards quorum of a meeting, a member must not be in arrears of an Assessment of Association Dues for greater than 15 days.

16. EFFECT OF WITHDRAWAL OF MEMBERS

Subject to the restrictions set forth in Section 14 of Article III of these by-laws, the Members present at a duly called or held meeting at which a quorum is present may continue to business until adjournment notwithstanding the withdrawal from the meeting of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

17. ADJOURNMENT OF MEETING

In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the Members present but no other business may be transacted.

18. VOTING

At every meeting of the Members, each Member shall be entitled to one vote per Townhome, except that the Chairperson shall have a second or casting vote in the event of a tie. Only one joint tenant or tenant-in-common of a Townhome may vote. At all meetings of members every question shall be decided by a majority of the votes of the Members entitled to vote present in person or represented by proxy unless otherwise required by the By-laws, Supplementary Letters Patent, or by law. Every question shall be decided in the first instance by a show of hands unless a poll is demanded by any member entitled to vote. A declaration by the Chairperson that a resolution has been carried or not carried and an entry to that effect in the minutes of the Association shall be admissible evidence as prima facie proof of the fact without proof of the number or proportion of the votes accorded in favour of or against such resolution. The demand for a poll may be withdrawn at any time prior to taking the poll. If a poll is demanded and not withdrawn the question shall be decided by a majority of votes and such poll shall be taken in such manner as the Chairperson shall direct and the result of such poll shall be deemed the decision of the Association.

19. SUSPENSION OF RIGHT TO VOTE

Member's right to vote as herein before provided may be suspended if the Member pay the Annual Assessment or Special Assessment and such failure has continued for a period greater than fifteen (15) days.

20. LIABILITY OF MEMBERS

No Member of the Association, as such, shall be personally liable for the debts, liabilities or obligations of the Association.

21. MEMBERSHIP ASSESSMENTS

(a) It is the onus of each member to ascertain from the Association the amount of the Annual Assessment payable by such member. Failure to ascertain the said amount shall not excuse any member from payment of any Assessment when due. The member shall pay in accordance with the policy for assessment payment as established from time to time by the Directors.

(b) The Association may levy Special Assessments in the event that the Budget originally adopted for any fiscal year is insufficient to pay the costs and expenses of operation, maintenance, and management during such fiscal year; in the event of emergency, or in the event the Association reserves are insufficient to cover expenditure for capital improvements or replacements, the Member must make payment in full of any Special Assessment in the manner determined by the Board when establishing the special assessment.

(c) Assessments shall be determined in accordance with Article VI of this By-law.

22. COMPLIANCE WITH THE GOVERNING DOCUMENTS

Members shall comply with the Supplementary Letters Patent, the registered Deed Restrictions, the registered Building Scheme, the Association By-laws, and the Southwood Lakes Policy Handbook also known as the Southwood Lakes Community Development Association Policies ("the Governing Documents") which may be duly amended from time to time. Members shall take all reasonable steps to ensure that an occupier or occupiers of the Members' Townhome/Townhome Lands and all invitees, agents and employees of the Members or occupiers comply with the Governing Documents. The Association's Directors have a right to require the members and occupiers of the Townhome/ Townhouse Lands to comply with the Governing Documents and may take such legal action as the Directors deem necessary to enforce compliance with the Governing Documents.

By agreement, dated August 9, 2001, the Developer assigned to the Association all of its right and interest in the Deed Restrictions with respect to the Townhouse Lands, along with the full entitlement to enforce and perform the terms and conditions which had been reserved to the Developer.

The Deed Restrictions that apply to the Townhouse Lands and appended to this By-Law as Appendix "A" shall be deemed to be a part of this By-Law. Where there is a conflict between the terms of this By-Law and the terms of the Deed Restrictions, the terms of this By-Law, which express the current aims and objectives of the Members, shall apply.

23. NUISANCE

Members shall not create or permit the creation of or continuation of any noise or nuisance which the Board determines in its sole discretion, may or does disturb the comfort or quiet enjoyment of the property of other Members, their families, guests, visitors, servants and persons having business with them.

24. MEDIATION AND ARBITRATION

1. Upon the mutual agreement of both parties, if any controversy or claim arising out of or relating to the Governing Documents, including, without limitation, with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement, or the transactions contemplated thereby (a "Dispute") is not settled through good faith negotiations between the parties to the Dispute (the "Mediating Parties"), the Mediating Parties may attempt to resolve the Dispute by submitting it to mediation (the "Mediation") pursuant to the following rules and procedures. The Mediation process shall commence upon the written demand of either Mediating Party given to the other Mediating Party. The Dispute shall be mediated by a single mediator (the "Mediator").

2. Upon the written demand of a Mediating Party commencing the Mediation process, the Mediating Parties shall promptly use their reasonable best efforts to jointly appoint a single Mediator. If the Mediating Parties are unable to agree on a single Mediator within five (5) Business Days of receipt by one Mediating Party of the written demand of the other Mediating Party commencing the Mediation, then the Mediating Party who initiated the Mediation process shall, within a further 5 Business Days, provide the other Mediating Party with a list naming three candidates to act as the Mediator of the Dispute in question. Within 5 Business Days of its receipt of such list, the other Mediating Party shall select one of the three candidates named therein to act as the Mediator of the Dispute in question. If the other Mediating Party fails to select the Mediator within such 5 Business Day period, the Mediating Party who initiated the Mediation process shall be entitled to select the Mediator from amongst the three named candidates. The Mediator must be independent of each of the Mediating Parties. No person shall be appointed as Mediator unless he or she agrees in writing to be bound by these rules and procedures.

3. The Mediating Parties shall participate in good faith in the Mediation and any related negotiations following the date of appointment of the Mediator in accordance with procedures adopted by the Mediator.

4. A representative of each Mediating Party with authority to settle the Dispute, together with counsel for each Mediating Party, shall attend the Mediation.

5. At any time during the Mediation, either Mediating Party may request a private meeting with the Mediator to discuss the issues raised or involved in the Dispute. If requested to do so by a Mediating Party, the Mediator shall provide his or her opinion of the likely overall outcome of the Dispute should it proceed to trial or Arbitration.

6. If the Mediating Parties reach a settlement, the terms of the settlement agreement shall be recorded by the Mediator and signed by an authorized representative of each Mediating Party and thereafter shall be final and binding upon the Mediating Parties.

7. By agreeing to participate in the Mediation, the Mediating Parties acknowledge and agree that all offers, promises, conduct and statements, whether written or oral, made in the course of the Mediation by either of the Mediating Parties or their representatives and by the Mediator, who is the Mediating Parties' joint agent for purpose of such Mediation, are private, confidential and made without prejudice. Evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its presentation or use in the Mediation.

8. The Mediator is disqualified as an arbitrator or trial witness, consultant or expert for either Mediating Party involved in the Mediation and the Mediator's comments and opinions, if any, will be inadmissible for all purposes in this or any other dispute involved the Mediating Parties. The Mediator will treat the subject matter of the Mediation as private and confidential.

9. Each Mediating Party shall bear its own costs of participating in the Mediation. The Mediating Parties shall share equally the fees and expenses of the Mediator and any other incidental expenses determined by the Mediator (upon the request of either Mediating Party) to be joint expenses.

Failure of Mediation:

10. If the Mediator determines that the Mediation will not take place or has failed, the matter under dispute shall be submitted to arbitration (the "Arbitration"). Such Arbitration shall be conducted by a single arbitrator (the "Arbitrator").

11. The Arbitrator shall be appointed by agreement between the parties or, in default of agreement, such Arbitrator shall be appointed by a Judge of the Ontario Superior Court of Justice at Windsor upon the application of any of the said parties and a Judge of the Ontario Superior Court of Justice at Windsor shall be entitled to act as such Arbitrator, if he so desires. Any such Arbitration shall be held in the County of Essex.

12. The procedure to be followed shall be agreed by the parties or, in default of agreement, determined by the Arbitrator. The Arbitrator shall have the power to proceed with the Arbitration and to deliver his award notwithstanding the default by any party in respect of any procedural order made by the Arbitrator.

13. The Arbitration shall proceed in accordance with the provisions of the Arbitrations Act of Ontario. Such Arbitration shall be a condition precedent to the commencement of any action at law. The decision arrived at by the Arbitrator shall be final and binding and no appeal shall lie therefrom. Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction.

25. INDEMNIFICATION

Each member shall indemnify and save harmless the Association from and against any loss, costs, (including legal fees, disbursements and applicable taxes all calculated on a solicitor and client basis), damage, injury or liability whatsoever (collectively called "Costs") which the Association may suffer or incur resulting from or caused by an act or omission or breach of the Supplementary Letters Patent, Deed Restrictions, Building Scheme, By-laws or Policies, of or by such Member, lessee or permitted resident of a Townhome, or by any invitee of the foregoing to or with respect to the Townhome or Townhome Lands. All payments of Costs pursuant to this clause are deemed to be Assessments and recoverable in the same manner as set out in section 20 of Article III of this By-law.

ARTICLE IV - BOARD OF DIRECTORS

1. POWERS

Subject to any limitation set forth in the Letters Patent of the Association, this By-law or applicable laws of the Province of Ontario, the Directors shall manage and control all the operations of the Association and the conduct of its affairs and activities. The Directors shall establish corporate policies for the direction and guidance of the Association, its Committees, if any, the officers, and the management of the Association, and formulate the basic rules and regulations governing the operation and management of the Association. Without limiting the generality of the foregoing, the Directors shall have the following powers:

- (a) To elect and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Letters Patent of the Association or with this by-law, fix their compensation and require from them security for service
- (b) To conduct, manage and control the affairs and business of the Association, and to make such rules and regulations therefore not inconsistent with law, with the Letters Patent of the Association or with these by-laws, as they may deem best;
- (c) To levy and collect Annual Assessment and Special Assessments as described in Section 20 of Article III. All issues, matters and decisions shall be made by the vote of a majority of the Directors.
- (d) To change the principal office for the transaction of the business of the Association from one location to another within the same county; to designate any place within or without the Province of Ontario for the holding of any Directors' or Members' meetings; and to

adopt, make and use a corporate seal and to alter the form thereof from time to time as in their judgment they may deem best, provided such seal shall at all times comply with the provisions of law;

(e) To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore;

(f) To establish and operate Committees as may be required for the successful operation of the Association;

(g) To prepare a budget to provide for payment of all expenses incurred by the Association in performing its duties herein set forth.

2. NUMBER OF DIRECTORS

The authorized number of Directors shall be eight (8) unless changed by amendment of this Section 2 of Article IV of these by-laws.

3. DESIGNATION AND TERM OF OFFICE OF DIRECTORS

Subject to Section 4(c) Election of Directors,

The Directors, who must be members of the Association, shall serve for a term of two (2) years or until their respective successors are elected and take office.

4. ELECTION OF DIRECTORS

(a) Directors shall be elected at the Annual meeting of the Members. Annual meetings shall be held, but if such annual meeting is not held, or the Directors not elected at the meeting, the Directors may be elected at a special meeting of the Members called for that purpose.

(b) Election for Directors shall be by simple ballot after each candidate for directorship has had the opportunity to address the meeting. Members may for vote the number of candidates equal to the number of positions to be filled. Those candidates with the highest vote counts will fill the vacant positions in rank order by vote count.

(c) Election and Term - At the first Annual Meeting following the adoption of this Bylaw, four (4) Directors shall be elected to hold office for two (2) years from the date of their election and four (4) Directors shall be elected to hold office one (1) year from the date of their election. At each annual meeting thereafter, a number of Directors equal to the number of Directors retiring in such a year, if any, shall be elected for a two (2) year term.

5. VACANCIES

Filling Vacancies - In the event a vacancy is created by the removal of a Director by Members of the Association entitled to vote, then Members entitled to vote may, by a majority vote, elect any Member in his stead for the remainder of his term. Otherwise, vacancies on the Board however caused, so long as a quorum of Directors remain in office, may be filled for the remainder of the term by the Directors then in office. Whenever there is not a quorum of Directors in office, the Director or Directors then in office shall forthwith call a general meeting of the Members to fill the vacancies, and, in default or if there are no Directors then in office, the meeting may be called by any Member.

6. PLACE OF MEETINGS

All meetings of the Directors shall be held at the office of the Association in the Province of Ontario or at such other place as may be designated for that purpose from time to time by the Board of Directors.

7. REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held at such times and places determined by the Directors unless another place, date or time is specified by written notice, which case said notice shall be given as provided in Section 9 of Article IV of these by-laws. If any such day shall fall on a holiday, such meeting shall be held on the next succeeding business day thereafter.

8. SPECIAL MEETINGS

Special meetings of the Directors for any purpose may be called at any time by the President or by any two Directors.

9. NOTICE OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS

(a) Special meetings of the Directors shall be held upon four business days' notice by first-class mail or forty-eight (48) hours notice given personally or by electronic communication. Any such notice shall be addressed or delivered to each director at such Director's address as it is shown upon the records of the Association or as may have been given to the Association by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the principal place of the Association.

(b) Notice by mail shall be deemed to have been given at the time a written notice is deposited in the Canada Post System, postage

prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

10. CONSENT TO MEETINGS - WAIVER OF NOTICE

The transaction of business at any meeting of the Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present, and if, either before or after the meeting, each of the Directors entitled to vote, not present in person, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approval shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any Director who attends the meeting without protesting prior to or at the commencement of the meeting, the lack of notice to such Director.

11. QUORUM

At all meetings of the Directors a majority of the number of Directors then in office shall constitute a quorum for the transaction of business except to adjourn as provided in Section 14 of Article IV of this By-law. If a quorum is present, the act of a majority of the Directors present at the meeting shall be the act of the Directors, unless a greater number is required by law. Notwithstanding the previous provisions of this Section 11, a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of

Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

In the event of a tie of the votes cast at a Directors' meeting, the Chairperson shall have the final or casting vote.

12. ACTION BY UNANIMOUS WRITTEN CONSENT

Any action which may be taken at a meeting of the Directors may be taken without a meeting if all the Directors shall individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Directors.

13. PARTICIPATION IN MEETINGS BY TELEPHONE CONFERENCE

Members of the Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Members participating in such meeting hear one another.

14. ADJOURNMENT

A majority of the Directors present at a meeting, whether or not a quorum is present, may adjourn any Directors' meeting to another time and place, Notice of the time and place holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned; provided, however, if the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

15. RIGHTS OF INSPECTION

Every Director shall have the absolute right at any reasonable time, on reasonable notice to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Association of which such person is a Director, except as otherwise prohibited by law.

16. REMOVAL OF DIRECTORS

Vacation of Office - The office of a Director shall be vacated as follows:

Removal by Members. Upon resolution to remove the Director, passed by at least two-thirds ($\frac{2}{3}$) of the votes cast at a general meeting of Members for which notice specifying the intention to pass such a resolution has been given.

17. APPOINTMENT OF COMMITTEES

The Directors may create, by resolution, one or more committees, to serve at the pleasure of the Board of Directors, to delegate to such committee any of the authority of the Directors except with respect to:

- (a) The approval of any action for which the Corporations Act requires approval of the Members or a majority of the Members;
- (b) The filling of vacancies on the Board of Directors or in any committee;
- (c) The amendment or repeal of by-laws or the adoption of new by-laws;

(d) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(e) The appointment of other committees of the Directors or the Members thereof.

Committee membership may consist of Directors only, Directors and non-Directors, or non-directors only, or Members or non-members. The chairman and members of committees shall be ratified by the Directors of the Association. The President (or designate) shall be an ex-officio member of all committees. The Board of Directors may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Directors shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Directors or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of Article IV of this By-law applicable to meetings and actions of the Directors. Notes, including financial reports if any, should be kept of each committee meeting and be available to the Directors.

Committees shall have no legal authority to act for the association. They shall report their findings and recommendations to the Directors who shall determine, by majority vote, the issue before them.

Committees may include, but not be limited to, the following:

(i) Environmental Committee - responsible for the common plantings, maintaining a liaison with the City of Windsor Parks and Recreation Department with regards to park and lake maintenance and any other functions assigned to it by the Directors;

(ii) Social Committee - responsible for organizing such social events as it deems appropriate for the enjoyment of the Members.

(iii) Newsletter Committee - responsible for the funding and creating of a newsletter for the Members. This letter will provide items of interest to the Members and will a quarterly vehicle for the Directors to communicate to the Members information of importance to the Association.

(iv) Street Captains - responsible for distribution of material, including the newsletter, as required by the various committees. In recognition that Street Captains are the vital communication link among Members and between Members and the Directors, Street Captains will be provided a supply of "Repair Request Forms" for use of the Members.

(v) The Board shall appoint a Chairperson and members to the following Standing Committees;

- (a) By-Law and Governing Documents Committee
- (b) Repair Committee
- (c) Tender Committee
- (d) Maintenance Oversight Committee

and, along with the Directors, shall develop "terms of reference" for each Committee.

18. COMPENSATION

The Directors shall receive no compensation for their services as Directors

19. INDEMNITY OF DIRECTORS AND OFFICERS

Every Director and Officer of the Association and his/her heirs, executors, administrators, estate trustees and other legal personal representatives shall from time to time be indemnified and saved harmless by the Association from and against:

- (a) Any liability and all costs, charges and expenses that he sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against him for or in respect of anything that he has done, omitted to do, or permitted by him in respect of the execution of the duties of his office; and,
- (b) All other costs, charges and expenses that he sustains or incurs in respect of the affairs of the Association;

except to the extent that the Director or Officer has been adjudged to be in breach of the duty to act honestly and in good faith and provided that;

- (1) No Director or Officer of the Association shall be indemnified by the Association in respect of any liability, costs, charges or expenses that he sustains or incurs in or about any action, suit or other proceeding as a result of which he is adjudged to be in breach of any duty or responsibility imposed upon him under the legislation unless, in an action brought against him in his capacity as a Director or Officer, he has achieved complete or substantial success as a defendant;
- (2) The Association is advised of any such action, suit or other proceeding, or cost, or charge or expense, forthwith after the Director or Officer receives notice thereof;
- (3) The Association is given the right to join in the defence of the action, suit or proceeding; and

(4) He co-operates fully with the Association and its insurers.

20. INDEMNITY OF DIRECTORS AND OFFICERS

Insurance for Directors and Officers - The Association shall use all reasonable efforts to obtain and maintain in effect insurance for the benefit of its Directors and Officers in order to indemnify and save them harmless from and against all liabilities, costs, charges and expenses described in Article IV, Section 19, hereof.

ARTICLE V- OFFICERS

1. OFFICERS

The officers of the Association shall be a President, Vice-President, Secretary and Treasurer and others designated by the Directors. Such officers shall be chosen by, and hold office at the pleasure of the Directors. One person may hold two or more offices except either the Secretary or the Treasurer may concurrently serve as the President. (One person may hold two or more offices except neither the Secretary nor the Treasurer may concurrently serve as the President.)

2. ELECTION OF OFFICERS

The Officers of the Association shall be elected annually by the Directors and each shall hold office until his or her successor shall be elected and qualified to serve, or until he or she shall resign or shall be removed or disqualified to serve.

3. SUBORDINATE OFFICERS

The Directors may elect or authorize the appointment of such additional officers as the business of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these by-laws, or as the Directors may from time to time authorize or determine.

4. PRESIDENT

Subject to the control of the Directors, the President shall have general supervision, direction and control of the business and affairs of the Association. He or she shall preside at all meetings of the Members and Directors, and shall have such other powers and duties as may be prescribed from time to time by the Directors.

5. VICE - PRESIDENT

In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and in so acting shall have all the powers of the President. The Vice-President shall have such other powers and perform such other duties as may be prescribed from time to time by the Directors.

6. SECRETARY

The Secretary shall keep a full complete record of the meetings membership meetings, shall keep the seal of the Association and affix the same to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the books of the Association, and shall discharge such other duties as pertain to the office as prescribed by the Directors.

7. TREASURER

The Treasurer shall be responsible for the receipt of all funds of the Association and safe keeping of such funds in a recognized financial institution as designated by the Board. Such funds shall be paid out only on the cheque of the Association signed by any two of the President, Vice-President, Treasurer, or Secretary or by such officers as may be designated by the Directors as authorized to sign the

same. The Treasurer shall have such other powers and perform such other duties as may be presented from time to time by the Directors.

8. REMOVAL AND RESIGNATION

(a) Any officer may be removed by two-thirds, majority vote of the Directors.

(b) Any officer may resign at any time by giving written notice to the Association. Any such resignation shall take effect at the date of the receipt of the notice or at any later time specified in the notice and, unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

9. 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 election or appointment to such office, provided that such vacancies shall be filled in a timely manner.

ARTICLE VI - ASSESSMENTS

1. PURPOSE OF ASSESSMENT AND BUDGET

All expenses of the Association including but not limited to landscaping, maintenance, insurance premiums, accounting and auditors fees, shall be charged to and payable by Assessments against Townhomes owned by each Member. The Association shall establish and adopt a Budget for each fiscal year and thereupon levy an Assessment against each Townhome included in Southwood Lakes. The Budget and Assessment shall be in such amount as shall be deemed sufficient in the judgment of the Directors to enable it to carry out the Association's purposes.

2. ANNUAL ASSESSMENTS

All Townhomes shall be subject to Assessment by the Association. The Association shall have the power and duty to levy Annual Assessments as hereinafter referred to, and to enforce collection thereof in the manner herein provided. An Annual Assessment shall be levied against each Townhome in Southwood Lakes.

3. COLLECTION OF ANNUAL ASSESSMENTS

Procedures for the collection of Annual Assessments, including due date, delinquency charges, and interest shall be as follows:

- (a) Notice of Assessment - Within thirty (30) days of having established the Budget, the Association shall notify each member of the Annual Assessment by prepaid mail to the last known address, of the amount of such member's Annual Assessment for the next fiscal year,
- (b) In the event that the Association shall fail to notify any member of the Annual Assessment on or before the time specified above, the levy and lien of said Assessment shall not be invalidated or otherwise affected, but the time for payment of the first instalment (if applicable) of such Assessment shall be extended by the number of days the said notice is delinquent. Failure to receive any notice given by the Association shall not excuse any Owner from payment of any Assessment when due;
- (c) It is the duty of each Member to ascertain from the Association the amount of Annual Assessment payable by such member;
- (d) All Members shall pay assessments in accordance with the policy for assessment payments established from time to time by the Directors.

4. SPECIAL ASSESSMENTS

The Association may levy Special Assessments in the event the Budget originally adopted for any fiscal year is insufficient to pay the costs and expenses of operation, maintenance, and management during each such fiscal year, in the event of emergency, or in the event that the Association reserves are insufficient to cover expenditures for capital improvements and replacements. Notices of any Special Assessment shall be given in the same manner as notices for the Annual Assessment and shall be payable within thirty (30) days after establishing same. Special Assessments may be payable in instalments according to a schedule approved by the Board of Directors, if the Board of Directors so determines.

The following provisions shall apply to all Assessments:

- (a) Delinquency Charge and Interest - Any Assessment not paid when due shall bear interest from the date of delinquency until paid at the rate of twenty-four percent (24%) per annum being two (2%) percent per month and shall incur a delinquency charge in the amount determined from time to time by the Board;
- (b) Obligation of Member - Subject to the lien of Assessment which shall be binding upon subsequent purchasers and encumbrances, every Assessment shall be the obligation of the Member. If any Assessment is not paid within thirty (30) days after the same is due, then the Association may bring suit against the Member and there shall be added to the amount of such legal fees on the solicitor and his own client basis costs incurred
- (c) Proof of Payment of Assessment - Upon the request of any member or mortgagee and upon payment of the prescribed fee, the Association shall furnish a certificate in writing signed by an Officer of the Association showing the amount of unpaid Assessment, if any, against any unit in which the member or mortgagee has an interest, the year or years for which any such unpaid Assessments were

assessed and levied, and any interest or other charges owing thereon. Such certificate, in the absence of fraud, shall be conclusive evidence of the payment of any Assessment therein stated to have been paid.

5. ASSESSMENT OF PROPERTY

The Directors of the Association shall annually, or more frequently, if necessary or desirable, assess each Member for all expenses incurred by the Association.

Expenses for the Association shall include but not be limited to, accounting, management fees, insurance, auditing, legal fees, landscaping maintenance and maintenance, repair and replacement of the Exterior Townhome Components.

- (i) the number of Townhomes completed within Southwood Lakes at the time of such Assessment;
- (ii) the number of Townhomes under development and to be placed for sale in the next twelve (12) months;
- (iii) the actual and estimated costs to be incurred during the subject twelve (12) month period;
- (iv) the establishment of a reserve account;
- (v) any other criteria deemed desirable by the Directors from time to time.

6. LIEN OF ASSESSMENT

In order to provide an additional means to enforce the collection of Annual Assessments and Special Assessments the Association shall have a lien against all units subject to such Assessments, together with all improvements thereon, as follows:

(a) Creation of Lien - The lien of every Assessment, together with interest charges thereon and the collection thereof, shall attach and become a charge on the unit, and all improvements thereon, against which such Assessment is made upon the recording of these restrictions.

(b) Enforcement of Lien - In the event any Assessment is not paid within thirty (30) days after the same is due, the Association shall have the right to file a claim for lien in the Land Titles Division of the Registry Office in the County of Essex. Said Assessment lien may be enforced by the Association by foreclosure suit in the same manner as a mortgage foreclosure or in such other manner as is permitted by law. The Association is hereby granted the power-of-attorney for each Member to take action for all collection matters relating to the lien of Assessment. In the event the Association files a claim of lien against any Townhome it shall be entitled to recover from the owner of such property before noted interest and all costs, including legal fees on a solicitor and his own client basis.

(c) Priority of Lien - It is the intent hereof that the aforesaid Assessment lien against property shall be subordinate and inferior only to lien of real property taxes levied by the municipality, and not to the lien of a mortgagee or construction lien claimants or any other encumbrances registered on the title to each Townhome.

(d) Automatic Lien on Assessment - An Assessment, Special Assessment, Supplementary Assessment of Association Dues, along with all reasonable legal costs, reasonable expenses and applicable interest may also be collected by registration of a lien against the Townhome/ Townhome Lands and such lien registration has priority over every other encumbrancer registered on title to the Townhome/ Townhome Lands, except a lien for real property taxes levied by the municipality.