

BY-LAWS
OF
WATERFORD GREEN HOMEOWNERS ASSOCIATION OF GASTONIA, INC.

THESE BY-LAWS of Waterford Green Homeowners Association of Gastonia, Inc. are promulgated for the purpose of governing Waterford Green Homeowners Association of Gastonia, Inc., (the "Association").

ARTICLE I

PURPOSES

- A. To promote the collective and individual interests and rights of all persons owning property in the Subdivision known as "Waterford Green" (hereinafter Subdivision), situated in Gaston County, North Carolina.
- B. To promote the enhancement of property values and the safe, healthful and harmonious living of the persons owning property in the Subdivision.
- C. To promote the development and maintenance of improvements to the entrances, public easement areas, common areas and similar areas, open spaces and other ornamental features dedicated to the community use which now exists or which may hereafter be installed or constructed.
- D. To promote cooperation with the owners of all vacant and unimproved lots now existing or that shall hereafter exist in the Subdivision in keeping them in good order and condition and to take such steps as may be necessary or desirable to keep them from becoming a detriment to the beauty of the Subdivision and to the value of the improved property therein.
- E. To promote the collective interests of the owners of the property in the Subdivision in connection with governmental authorities exercising jurisdiction over the Subdivision, covenants and restrictions applicable to the Subdivision, persons owning property adjacent to the Subdivision and persons providing necessary or desirable services to the Subdivision.
- F. To acquire, own or lease such real and personal property as may be necessary or convenient for the fulfillment of its purposes.

G. To promote and arrange social and recreational functions for its members.

H. To exercise any and all powers that may be delegated to it from time to time by the owners of real property in the Subdivision.

I. In general, to do those things necessary, proper and advisable for the accomplishment of the purposes hereinabove set forth but only to the extent that such action is allowable under the laws pursuant to which this corporation is organized.

ARTICLE II

MEMBERS/OWNERS

1. Membership. Every person who is a record owner of a lot in Waterford Green shall be a member of the Association, provided, that in the case of joint ownership only one owner per lot shall be entitled to be a member. A person who holds title to a dwelling merely as security for payment of a debt shall not be entitled to exercise the rights of a member unless such person holds a proxy conferring such rights.

2. Voting. Each member shall be entitled to cast one vote for each lot owned in such Subdivision. Where more than one lot is utilized for a single dwelling, such member shall have only one vote. Votes shall be cast only at meetings of the members convened in accordance with these By-Laws.

3. Quorum. A majority of the members shall constitute a quorum for the transaction of business at meetings of the members.

4. Consents. Any action which may be taken by a vote of the members may also be taken by written consent to such action signed by all members.

5. Organizational Meeting. The organizational meeting shall be held as appropriate following the filing of the Articles of Incorporation.

6. Annual Meetings. An annual meeting of the members shall be held on the second Tuesday of the first month of each fiscal year of the Association, beginning with the first fiscal year following the fiscal year in which the organizational meeting is held, or at such other time during each fiscal year as may be determined by a vote of majority of the members. Any business which is appropriate for action of the members may be transacted at an annual meeting.

7. Special Meetings. Special meetings of the members may be called at any time by the President of the Association or by a majority of the Board of Directors and shall be called upon the written request of a majority of the members. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all members waive notice of any additional business.

8. Notice of Meetings. Written notice of every annual or special meeting of the members stating the time, date and place of the meeting and, in the case of a special meeting, the business proposed to be transacted shall be given to every member not fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Notice shall be deemed to be properly given when such notice is deposited in the U.S. Mails, postage prepaid, addressed to the member at the address on the books of the Association. Failure to give proper notice of a meeting of the members shall not invalidate any action taken at such meeting unless a member who was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such member objects shall be void.

9. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may in writing waive notice of any meeting of the members either before or after such meeting. Attendance at a meeting by a member, whether in person or proxy, shall be deemed waiver by such member of notice of the time, date and place thereof unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

10. Place of Meeting. All meetings of the members shall be held at such place within the County as the President of the Association or the Board of Directors may direct.

11. Adjournment. Any meeting of the members may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of members holding a majority of the votes represented at such meeting, at the time such adjournment vote is taken, regardless of whether a quorum is present at such time. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

12. Order of Business. The order of business at all meetings of the members shall be as follows:

- (a) Roll call;
- (b) Proof of proper notice of the meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Report of the Board of Directors;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Election of Directors (when required);
- (h) Unfinished business; and
- (i) New business.

13. Minutes of Meetings. The Secretary of the Association shall prepare, or cause to be prepared, and keep accurate minutes of every meeting of the members. Such minutes shall be made available for examination and copying by any member at any reasonable time.

14. Who May Act For An Owner. In the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof, and any other legal entity shall act by any managing agent thereof. When a member consists of two or more persons, any one of such persons shall be deemed authorized to act for all in taking any action on behalf of such member unless another of such persons objects, in which case the vote of such member shall be counted.

15. Proxies. Any member may by written proxy designate an agent to cast the votes of such member. Unless otherwise stated therein, a proxy shall be deemed to confer the authority to execute consents and waivers. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless otherwise specified therein. No proxy shall be honored until delivered to the Secretary of the Association.

ARTICLE III

BOARD OF DIRECTORS

1. Form of Administration. The administration of the Association shall be vested in the Board of Directors consisting of three or more Directors elected from the members; provided, however, should the number of members qualified or willing to serve

on the Board of Directors be less than three (3), the number of Directors shall equal the number of members so qualified or willing to serve.

2. Authorities and Duties. The authorities and duties of the Board of Directors shall include the following:

a. To review and recommend a budget for the expenditure of Association funds for approval by the membership.

b. To approve and take action to carry out the purposes of the Association and to administer the Association on behalf of and for the benefit of the members.

3. Qualification. Only an individual who is a member, or who together with another person or other persons is a member, or who is an officer or designee of a corporation, a general partner of a partnership, an associate of an association, a trustee of a trust, or a managing agent of any other legal entity which is a member, or which together with another person or other persons is a member, may be elected or continue to serve as a Director of the Association.

4. Election and Term. The initial Board of Directors shall be elected at the organizational meeting of the Association. A new Board of Directors shall be elected at each annual meeting of the members thereafter. In elections of Directors, members shall be entitled to cumulate their votes (each member shall have his votes times the number of Directors to be elected at the meeting) and cast the same for one or more candidates if they so desire. A Director shall be deemed to continue in office until his successor has been elected and has assumed office and a Director may be elected to succeed himself.

5. Removal. A Director may be removed from office with or without cause by the affirmative vote of a majority of the members. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of a majority of the members.

6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the members shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

7. Voting. Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these By-Laws. Proxies shall not be permitted in any vote of the Board

of Directors. The affirmative vote of a simple majority of the Directors present at a meeting at which a quorum has been established shall be sufficient for any action unless otherwise specified in these By-Laws.

8. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business. Once a quorum has been established at a meeting of the Board of Directors, a quorum shall be deemed to continue to be present until the meeting is adjourned by vote of a majority of the Directors present, regardless of the earlier departure of one or more Directors.

9. Consents. Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

10. Referendum. Any action taken by vote of a majority of the members shall be binding upon the Board of Directors and shall supersede any inconsistent action previously or thereafter taken by the Board of Directors, except that no such action shall invalidate a contract which was duly authorized by the Board of Directors and executed pursuant to authority granted in the By-Laws.

11. Annual Meetings. An annual meeting of the Board of Directors shall be held during each fiscal year within ten (10) days following the annual meeting of the members. The time, date and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the members by mutual agreement of a majority of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at an annual meeting.

12. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times, dates and places as the Board of Directors may determine from time to time. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

13. Special Meetings. Special meetings of the Board of Directors may be called from time to time by the President of the Association and shall be called upon the written request of one-third of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

14. Notice of Meetings. Written notice of every regular or special meeting of the Board of Directors stating the time, date and place of the meeting, and in the case of a special meeting, the business proposed to be transacted shall be given to every Director not fewer than three (3) nor more than ten (10) days in advance of

the meeting. Notice shall be deemed to be properly given when such notice is deposited in the U.S. Mails, postage prepaid, addressed to the Director at the address on the books of the Association. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless a Director who was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Director objects shall be void.

15. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed to be equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of notice is raised before the business of which proper notice was not given is put to a vote.

16. Place of Meeting. All meetings of the Board of Directors shall be held at such place within the County and convenient to the Directors as the President of the Association or the Board of Directors may direct.

17. Recess. Any meeting of the Board of Directors may be recessed from time to time for periods not exceeding two (2) hours by a vote, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at a subsequent session following a recess of such meeting, and no additional notice of such subsequent sessions shall be required.

18. Minutes of Meetings. The Secretary of the Association shall prepare, or cause to be prepared, and keep accurate minutes of every meeting of the Board of Directors. A copy of such minutes shall be distributed to each member within thirty (30) days following each meeting, and all such minutes shall be made available for examination and copying by any member at any reasonable time.

19. Compensation. The Directors shall serve without compensation but shall be entitled to reimbursement by the Association for preapproved expenses incurred in the conduct of their duties.

ARTICLE IV

OFFICERS

1. Designation. The Association shall have a President, a Vice President, a Secretary and a Treasurer. The Association may also have one or more assistants to the Secretary and to the Treasurer and such other officers as may be necessary from time to time. The offices of the Secretary and the Treasurer may be filled by the same individual.

2. Qualifications. The President and the Vice President must be Directors, and all other officers must be individuals who are qualified to be Directors.

3. Election and Term. Officers of the Association shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be reelected to any number of terms.

4. Removal. Any officer may be removed from office at any time with or without cause by the Board of Directors or by the members. An officer removed by the members shall be replaced only by the members.

5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors at which he is present. He shall have all of the general powers and duties which are usually vested in the office of president of an incorporated association, including but not limited to the power to appoint committees from among the members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

6. Vice President. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Director to take the place and perform the duties of the President or an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

7. Secretary. The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors, shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of secretary of an incorporated association.

8. Treasurer. The Treasurer shall have custody of and responsibility for Association funds and securities and shall keep books belonging to the Association.

9. Compensation. The officers shall serve without compensation but shall be entitled to reimbursement by the Association for preapproved expenses incurred in the conduct of their duties.

ARTICLE V

FINANCES

1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless the members shall otherwise determine.

2. Budget. The Board of Directors shall prepare and submit to the members at each annual meeting of the members a proposed budget for the Association for the fiscal year in which the meeting is held. The proposed budget shall set forth with particularity the anticipated expenses for the fiscal year and the amount of money needed to establish reserves, if any, for the payment of future or unforeseen expenses.

3. Approval of Budget. The proposed budget, as it may be amended upon motion of any member, shall be submitted to a vote of the members and when approved by the affirmative vote of a majority of the members shall become the budget of the Association for the fiscal year (The "Budget"). The terms of the Budget shall be binding upon the Board of Directors until such terms are amended by action of the members.

4. Regular Dues. The Board of Directors shall determine the methods available to fund the Budget and shall set the dues for the members; provided, the members by majority vote may establish a different amount of dues.

5. Accounts. The Board of Directors shall maintain on behalf of the Association a checking account with a state or federally chartered bank having an office in the county where the Property is situated. The Board of Directors may also maintain on behalf of the Association an interest-bearing savings account with a state or federally chartered bank, savings and loan association or building and loan association. All funds of the Association shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash of not more than Fifty Dollars (\$50.00) for payment of minor current expenses of the Association. The books and records relating to any account of the Association shall be made available for examination and copying by any member at any reasonable time.

6. Payments. The Board of Directors shall provide for payment of all debts of the Association from the funds collected from the members. Expenditures specifically approved in the Budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of Two Hundred Dollars (\$200.00) shall be reviewed and approved by the President or the Board of Directors before payment is made. All checks and requests for withdrawals drawn upon any account of the Association shall be signed by the President and countersigned by the Treasurer (or by any two (2) alternate officers of the Association).

7. Assessments. Each member is obligated to pay to the Association assessments which have been approved by a vote of the membership and which are secured by a continuing lien upon the lot against which the assessment is made. If the assessment is not paid on the due date, the assessment shall bear interest from the date of delinquency at the rate six percent (6%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the lot, and interest, costs, and reasonable attorney's fee of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his lot.

ARTICLE VI

LIABILITIES AND INDEMNIFICATION

1. Liability of Members. No member shall be liable upon a debt or tort of the Association. All contracts executed by the Association shall incorporate the following recital:

Waterford Green Homeowners Association of Gastonia, Inc., is an incorporated association established pursuant to the Non-Profit Corporation Act. No member of the Association shall be liable upon a debt or tort of the Association.

2. Liability of Directors and Officers. No Director or Officer of the Association shall be liable to any member for any decision, action or omission made or performed by such Director or officer in the course of his duties unless such Director or Officer acted in bad faith.

ARTICLE VII

SEAL AND SIGNATURES

1. Seal. The Association may have a seal inscribed with the name of the Association and such other information as the

Board of Directors may determine. The Secretary of the Association shall have custody of the seal and shall affix and attest the same upon such document as the Board of Directors may direct.

2. Attestation of Documents. The presence of the Association seal, attested by the Secretary or an assistant Secretary of the Association, on any contract, conveyance or any other document executed on behalf of the Association shall attest:

a. That the Association seal affixed to the document is in fact the seal of the Association.

b. That any officer of the Association executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Association and that the signature of such officer subscribed to the document is genuine; and,

c. That the execution of the document on behalf of the Association has been duly authorized.

ARTICLE VIII

AMENDMENTS

1. Procedure. These By-Laws may be amended from time to time by resolution adopted by the affirmative vote of two-thirds (2/3rds) of the members.

ARTICLES IX

MISCELLANEOUS

1. Notices. Any notices or documents placed in the mail receptacle or affixed to the front door of a dwelling on any lot by or at the direction of the Board of Directors or any officer of the Association shall be deemed delivered to the owner of such dwelling, unless the owner of such dwelling has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a member shall be deemed delivered to the Board of Directors.

2. Waiver. No provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

3. Severability. The provisions of these By-Laws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the

enforceability or effect of the remainder hereof.

4. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws or the intent of any provision hereof.

5. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.