

BYLAWS OF
HERITAGE VILLAGE HOMEOWNERS ASSOCIATION OF RICHLANDS, INC.

ARTICLE I
NAME AND PURPOSE OF ASSOCIATION

Section 1. Name. This nonprofit corporation shall be known as **HERITAGE VILLAGE HOMEOWNERS ASSOCIATION OF RICHLANDS, INC.**, (herein called the "Association") and shall be organized and maintained as a nonprofit corporation under the laws of the State of North Carolina.

Section 2. Purpose. The purpose of the Association shall be to own, manage, maintain, and operate the Common Areas and facilities located upon the Common Areas and to make and enforce rules and regulations governing the owners' use and occupation of lots located in **Heritage Village** Subdivision.

ARTICLE II
MEMBERSHIP

Section 1. Membership. Each Owner of each Lot within the Subdivision shall be a member of the Association. Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Corporation: (A) that for so long as each is an Owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Corporation; and (B) that any unpaid assessment, whether general or special, levied by the Corporation in accordance with these restrictions, the Articles or the Bylaws shall be a lien upon the Lot upon which such assessment was levied and shall be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due.

Each membership in the Association shall relate to and have a unity of interest with an individual lot which may not be separated from ownership of said lot. The books and all supporting documentation, Articles, Bylaws, and all amendments thereto shall be available for examination by all lot owners, and their lenders or their lenders Agents during normal business hours at the principal office of the Association.

ARTICLE III
VOTING

Section 1. Voting Rights. Each member shall be entitled to one vote for each lot owned; provided subsequent to the provisions of the Declaration of Covenants, Conditions, Restrictions and Easements, however, when more than one person holds an interest in any lot, all such persons shall be members; however, the vote for such lot shall

be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any lot.

Section 2. Proxies. Votes may be cast in person or by proxy. A proxy shall be valid only for the particular meeting designated thereon and must be filed with the Secretary of the Association prior to the appointed time of the meeting.

Section 3. Voting Procedure. The vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members.

ARTICLE IV MEETINGS OF MEMBERSHIP

Section 1. Annual Meeting of Members. The annual meeting of the members of the Association shall be held on December 31st of each year unless an alternate date shall be established by a majority of the Board of Directors. Notice of the time and place of holding the annual meeting shall be mailed to each member not less than 30 days or more than 60 days before the date of such meeting.

Section 2. Special Meetings of Members. Special meetings of the members may be called by the President at any time on his or her own initiative and shall be called by the President or Secretary upon written request of two (2) directors then serving on the Board of Directors or members having one-tenth of the votes entitled to be cast at such meeting. Notice of the meeting shall be mailed to each member not less than 30 days or more than 60 days prior to the date of such meeting, and at such special meeting there shall only be considered such business as is specified in the notice of meeting.

Section 3. Quorum for Members' Meetings. At all meetings of the Association, either regular or special, members holding one-tenth of the votes entitled to be cast represented in person or by proxy shall constitute a quorum. If a quorum is not present, the presiding officer may adjourn the meeting to a day and hour fixed by such presiding officer.

Section 4. Place of Meeting. All meetings of the membership of the Association shall be held within the county in which the Properties are located at a location designated in the notice of meeting.

Section 5. Order of Business. At all meetings of the membership of the Association, the order of business shall be as follows:

- (a) Calling of the roll and certifying of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the immediate prior meeting for information and approval.
- (d) Reports of Officers.

- (e) Reports of Committees.
- (f) Election of Directors.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

ARTICLE V BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by the Board of Directors or by such Executive Committees as the Board of Directors may establish pursuant to these Bylaws.

Section 2. Number, Term and Qualification. The Board of Directors shall consist of three persons. At the first annual meeting of membership, the membership shall elect one person to the Board of Directors. Thereafter, persons who shall be elected to fill vacancies of directors whose terms have expired shall be elected for three terms. All persons elected to the Board of Directors by the membership shall be at least 18 years of age and shall either be members of the Association or a corporate officer or general partner of a member of the Association.

Section 3. Removal. Any director may be removed from office without cause by a vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a duly called meeting of the membership. If any director is so removed, a new director may be elected at the same meeting to fill the unexpired term of the director so removed.

Section 4. Vacancies. A vacancy occurring in the Board of Directors may be filled by a majority vote of the remaining directors, though less than a quorum, or by the sole remaining director. A vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of the members called for that purpose. The members may elect a director at any time to fill a vacancy for the unexpired term which has not been filled by the directors.

Section 5. Chairman of the Board. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the board of Directors and perform such other duties as may be directed by the Board.

Section 6. Compensation. The Board of Directors may compensate directors for their services as such and may provide for the payment of all expenses incurred by directors in attending regular and special meetings of the Board.

Section 7. Executive Committee. The Board of Directors, by resolution unanimously adopted by the Board of Directors, may designate two or more directors to constitute an Executive Committee and other committees, each of which, to the extent

authorized by law and provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Association. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon the Board of Directors by law.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least five days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Quorum. A majority of the board of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

The unanimous vote of the duly elected directors shall be required for the following:

- (a) to adopt a resolution establishing an Executive committee or other specified committee; or
- (b) to adopt, amend or repeal any Bylaw; or
- (c) to adopt a resolution to dissolve the Association without the action of the members.

Section 7. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her contrary vote is recorded or his or her dissent is otherwise entered in the minutes of the meeting or unless he or she shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE VII OFFICERS

Section 1. Number. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and such Assistant Secretaries, Treasurers and other officers as the Board of Directors from time to time may elect. Any two or more offices may be held by the same person, except that no officer may act in more than one capacity where action of two or more officers is required.

Section 2. Election and term. The officers of the Association shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the Board. Each officer shall hold office until his or her death, resignation, retirement, removal, disqualification or until his or her successor is elected and qualified.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board with or without cause; but such removal shall be without prejudice to the contrary rights, if any, of the person so removed.

Section 4. Compensation. The compensation of all officers of the Association shall be fixed by the Board of Directors.

Section 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the board of Directors, shall supervise and control the management of the Association in accordance with these Bylaws. The President shall sign, with any other proper officer, any deeds, leases, mortgages, bonds, contracts or other instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent

and, in general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice Presidents. In the absence of the President or in the event of his or her death, inability or refusal to act, the Vice Presidents, in the order of their length of service as Vice-Presidents, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the President. Any Vice President, shall perform such other duties as from time to time may be assigned to him or her by the President or the Board of Directors.

Section 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of members and directors and shall give all notices required by law and by these Bylaws. The Secretary shall have general charge of the corporate seal to any lawfully executed instrument requiring it. The Secretary shall have general charge of the membership records and shall keep, at the registered or principal office of the corporation, a record of members showing the name and address of each member and the lot owned by such member. The Secretary shall sign such instruments as may require his or her signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to the Office of the Secretary from time to time by the President or by the Board of Directors.

Section 8. Assistant Secretaries. In the absence of the Secretary or in the event of his or her death, inability or refusal to act, the Assistant Secretaries, in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall also perform such other duties as may be assigned to them by the Secretary, by the President or by the Board of Directors. Any assistant Secretary may sign, with the President or a Vice President, any document required to be signed by the Secretary.

Section 9. Treasurer. The Treasurer shall have custody of all funds belonging to the Association and shall receive, deposit or disburse the same under the direction of the Board of Directors. The Treasurer shall keep full and accurate accounts of the finances of the Association in books especially provided for that purpose, and shall cause a true statement of the assets and liabilities of the Association as of the close of each fiscal year and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be made and filed at the registered or principal office of the Association within three months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any member of the Association for a period of ten years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any member upon such member's written request therefore. The

Treasurer, in general, shall perform all duties incident to such office and such other duties as may be assigned to the Office of Treasurer from time to time by the President or by the Board of Directors.

Section 10. Assistant Treasurers. In the absence of the Treasurer or in the event of his or her death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall also perform such other duties as may be assigned to them by the Treasurer, by the President or by the Board of Directors.

ARTICLE VIII PARLIAMENTARY RULES

Section 1. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of meetings of the Association when not in conflict with the Articles of Incorporation of this Association, these Bylaws or with the General Statutes of the State of North Carolina.

ARTICLE IX AMENDMENTS TO BYLAWS

Section 1. Amendments. Amendments to these Bylaws shall be proposed and adopted in the following manner:

- (a) Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by members of the Association having one-fourth of the votes entitled to be cast at a meeting of the membership, whether meeting as members or by instrument in writing signed by them.
- (b) Upon any amendment to these Bylaws being proposed by said Board of Directors or members, such proposed amendment shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Joint Meeting of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment and it shall be the duty of the Secretary to give to each member written notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.
- (c) In order for such amendment to become effective, it must be approved by an affirmative vote of a majority of the entire Board

of Directors and by an affirmative vote of three-fourths of the members present or represented by proxy at such meeting.

ARTICLE X GENERAL PROVISIONS

Section 1. Seal. The seal of the Association shall consist of two (2) concentric circles between which the name of the Association is inscribed and in the center of which is inscribed the word "SEAL"; and such seal, in the form approved and adopted by the Board of Directors, shall be the corporate seal of the Association.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name until authorized by a resolution of the Board of Directors.

Section 3. Checks. All checks, drafts and other order for the payment of money issued in the name of the Association shall be signed by such officer or officers, agent or agents, as from time to time may be designated and authorized by a resolution of the Board of Directors.

ARTICLE XI INDEMNIFICATION

Section 1. Indemnification. Any person who at any time serves or has served as a director, officer, employee or agent of the Association, shall have a right to indemnified by the Association to the fullest extent permitted by law against:

- (a) reasonable expenses, including attorney's fees, actually and necessarily incurred by such person in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold such person liable by reason of the fact that he or she is or was acting in such capacity, and
- (b) reasonable payments made by such person in satisfaction of any judgment, money decree, fine, penalty or settlement for which he or she may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this Bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due and giving notice to, and obtaining approval by, the members of the Association. Any person who at any time after the adoption of this Bylaw serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be done or to have done so in reliance upon, and as consideration for, the right of

indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

ARTICLE XII DISSOLUTION

A voluntary dissolution of the corporation may be approved by a majority of directors then in office at a meeting held upon at least five days written notice stating that a purpose of the meeting is to consider dissolution and providing a copy of the plan of dissolution.

Upon dissolution of the corporation, the assets thereof shall, after all liabilities and obligations of the corporation have been paid, or adequate provisions made therefore, be distributed in accordance with a plan of dissolution adopted pursuant to Article 14 of Chapter 55A of the North Carolina General Statutes and the common areas will be conveyed to lot owners.