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BYLAWS

OF

ASSOCIATION OF WOODLAND HILLS PROPERTY OWNERS

1. PRINCIPAL OFFICE

The principal office of the Association shall be at 231 Broadbill Drive, Mooresville, Iredell County, North Carolina or such other place as the Board of Directors shall designate from time to time.

2. FISCAL YEAR

The fiscal year of the Association shall be October 15 to October 14.

3. MEMBERSHIP, VOTING, QUORUM, PROXIES

(a) The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members shall be as set forth in Article VI of the Articles of Incorporation of the Association, to the extent provided therein. The following provisions are supplementary to the Articles of Incorporation.

(1) Every person or entity who is the owner of record of a fee interest in any lot in the Woodland Subdivision shall be eligible to be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. Application for membership shall be presented on a form of "Membership Application and Agreement" prescribed by the Board of Directors and all such applications shall be acted on promptly by the Board of Directors. Submission of an application constitutes agreement of the applicant to abide by the provisions of the Articles of Incorporation and the Bylaws of the Association, and any rules and regulations adopted by the Association.

(2) The membership of the Association shall consist of two classes, Charter and Regular. Charter members shall be those initial subscribers for membership who submit a "Membership Application and Agreement" along with the Annual Assessment on or before November 15, 1991. All members submitting a "Membership Application and Agreement" after November 15, 1991 shall be Regular members. Regular members shall pay an annual assessment plus an initiation fee as determined by the Board of Directors. All rights and privileges of Charter and Regular members shall be the same, except for the initiation fee required of Regular members.

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(3) Upon the sale of his property within the Woodland Hills Subdivision a member must resign from membership in the Association. Assessments are non-refundable.

(4) A member may resign from membership in the Association by notice in writing of at least 30 days to the Board of Directors. Assessments are non-refundable. If the member desires to be reinstated at a later date an initiation fee in an amount determined by the Board of Directors shall be required.

(5) A member may be suspended or expelled from the Association by action of the Board of Directors after written notice of at least 30 days and opportunity to be heard for failure to pay fees, dues or assessments; failure to abide by the Articles of Incorporation or Bylaws of the Association; or failure to abide by the rules or regulations of the Association. Reinstatement at a later date will require payment of an initiation fee in an amount determined by the Board of Directors.

(b) Twenty-five percent of the active memberships, represented in person or by proxy, shall constitute a quorum for the transaction of business at meetings of members. In the absence of a quorum at the regular annual meeting of the members of the Association, at which proper notification has been given, the Secretary will record the names of all members present, and all regular business may be transacted which might have been transacted had a quorum been present. However, for the purpose of special assessments (other than annual dues) or for the purpose of revising or amending the Bylaws of the Association at least 51% of the active memberships must be present in person or by proxy. If any meeting of members cannot be held because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (whenever the latter percentage of attendance may be required as set forth in the Articles of Incorporation or these Bylaws), the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present. Provided, however, at any meeting held after an adjournment for lack of the presence of a quorum, the members present in person or by proxy at such meeting shall constitute a quorum, and except as otherwise expressly provided, the affirmative vote of a majority of the members so present shall be binding upon the members.

(c) Each membership shall be entitled to one vote on each and every matter submitted to a vote at a meeting of the members.

(d) Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed in writing with the Secretary before the appointed time of the meeting.

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(e) Except where otherwise required under the provisions of the Articles of Incorporation or these Bylaws, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

4. ANNUAL OR SPECIAL MEETINGS OF MEMBERSHIP

(a) The Annual Meeting of Members shall be held at such hour and place designated by the Board of Directors on the 1st day in November of each year for the purpose of electing Directors, Officers, and of transacting any other business authorized to be transacted by the members.

(b) Special Meetings of Members shall be held whenever called by the President or Vice President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request of ten percent or more of the members of the Association.

(c) Notice of each meeting of members shall be given by the President, Vice President or Secretary of the Association, or other officer of the Association in absence of said officers, to each member, unless waived in writing, such notice is to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten days nor more than 30 days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the member at his post office address as it appears on the records of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice.

(d) The order of business at the Annual Meeting of Members and, as far as practical, at any other meeting of members, shall be:

- (1) Call of the roll and certifying proxies;
- (2) Proof of notice of meeting or waiver of notice;
- (3) Reading and disposal of any unapproved minutes;
- (4) Reports of Officers;
- (5) Reports of Committees;
- (6) Appointment of Inspectors of Election by Chairman;
- (7) Unfinished business;
- (8) New business;
- (9) Adjournment.

5. BOARD OF DIRECTORS

(a) Commencing with the October 1996 Annual Meeting of Members, the Board of Directors of the Association shall consist of the four (4) elected officers of the Association and three members elected from each of the sub-divisions two developed areas. The areas are defined as follows: Area 1, composed of Canvasback Road and Chatworth Lane and Area 2, composed of Broadbill Road and Ringneck Trail. The member Directors shall be elected as described in Para. 5 (b) (2). For as long as Reynolds Real Estate, hereinafter called the "Developer", owns five (5) or more lots in Woodland Hills Subdivision, he shall have the right to designate and select one Director of the Association.

(b) Election of Directors shall be conducted in the following manner:

(1) The Developer shall, at the beginning of the election of the Board of Directors, designate and select that member of the Board of Directors as entitled in Para. 5(a)

(2) All members of the Board of Directors whom the Developer shall not be entitled to designate and select shall be elected as follows:

Three (3) Directors shall be elected, by a plurality vote, on the nominations made from each of the designated areas specified in Para. 5. (a). Nominations for Directors to represent each specific area shall be made by the residents of that area. In the event that these areas cannot provide enough candidates to fill the Directors vacancies (6), nominations from the floor will be accepted for consideration. Proxy votes for floor nominations will not be allowed.

(3) Vacancies, except in the case of the Developers Director, in the Board of Directors May be filled, to serve an unexpired term, by the remaining Directors. The person so chosen shall, if at all possible, be a resident of the same street as the vacated Director. In the event a Developers selection vacates, the Developer shall Select a new representative and shall notify the Board of his choice by written instrument delivered to any officer of the Association.

(c) The organizational meeting of each newly elected Board of Directors shall be held within ten days of their election, at such time and place as fixed by the Directors at the meeting at which they were elected. No further notice of the organizational meeting shall be necessary provided a quorum shall be present.

(d) Regular meetings of the Board of Directors may be held at such time and place as shall be determined by the majority of the Directors. The Secretary will notify all Directors of the annual schedule for meetings.

(e) Special meetings of the Directors may be called by the President or upon written request of one-third of the Members of the Board to the secretary, the secretary must call for a special meeting of the Board of Directors. Not less than ten day's notice of a meeting shall be given to each Director personally or by phone or by mail.

(f) Any Director who misses three consecutive Board of Directors Meetings without cause will be deemed to have resigned from the Board of Directors, and upon written request from the President, will be replaced as stipulated in these Bylaws.

(g) Any member of the Board of Directors may be removed, with cause, at any time by a majority vote of the Board members at a Special Meeting called for that purpose, or by a majority vote of those in attendance at a scheduled Annual Meeting ; provided that only the Developer shall have the right to remove a Director appointed by him.

(h) A quorum at a Directors' meeting shall consist of seven (7) Directors present , one of which must be either the President or the Vice President of the Association. The acts of the Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation or these Bylaws. If any Directors' Meeting cannot be organized because a quorum has not attended, the Directors who are present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at such meeting as originally called may be transacted without further notice.

(i) The presiding officer of Directors Meetings shall be the President of the Association. In the absence of the President, the Vice President shall preside.

(j) All the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation, or these Bylaws. Such powers and duties shall be exercised in accordance with such Articles or Bylaws and shall include, without limiting the generality of the foregoing, the following:

(1) To make, establish, levy and collect dues and annual or special assessments against members to defray the common expenses of the Association incurred in exercising the powers and performing the services hereinafter set forth and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

(2) To supervise all officers, agents and employees of the Association and to see that their duties are properly performed.

(3) To provide the service of landscaping, maintenance and care of the access lot and tennis court.

(4) To adopt, make, amend, publish and enforce reasonable rules and regulations relating to the security, health, welfare and safety of the members of the Association.

(5) To contract for the management of the Association and to delegate to such independent contractor all of the powers and duties of the Association, except those powers enumerated as may be required by the Articles of Incorporation or these Bylaws to have approval of the Board of Directors or membership of the Association.

(6) To designate and remove personnel as necessary for the performance of services by the Association.

6. OFFICERS

(a) The executive officers of the Association shall be a President, who shall be a Director; a Vice President; a Treasurer; a Secretary, all of whom shall serve one year terms and be elected by the members of the Association. Any person may hold two or more offices except that the President shall not also be Vice President, Secretary or an Assistant Secretary. The Board of Directors shall, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

(b) Any officer or agent elected or appointed by the Board of Directors may be removed by a majority vote of the Board of Directors whenever in its judgement the best interest of the Association will be served thereby.

(c) The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the members.

(d) The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors. The Vice President shall succeed the President at the end of their respective terms.

(e) The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall see that all notices are duly given. He shall have custody of the seal of the Association and affix the same to instruments requiring the seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to

the office of Secretary of an association and as may be required by the Directors or the President.

(f) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidence of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; receive and give receipts for monies due and payable to the Association, and deposit all such monies in the name of the Association in such depositories as shall be selected by the Board of Directors. He shall perform all other duties incident to the office of Treasurer. The Treasurer shall exhibit the books and records of the Association to any member of the Association upon request, at a reasonable time and place. The Treasurer shall be bonded at the expense of the Association.

7. ASSESSMENTS: LIABILITY AND ENFORCEMENT

To properly administer the operation and management, the Association will incur, for the mutual benefit of all of the members, costs and expenses. To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect dues and assessments against the members. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Association, the following provisions shall be operative and binding upon all members:

- (a) Assessments provided for herein shall consist of:
 - (1) Annual dues (referred to as Annual Assessment)
 - (2) Initiation Fees
 - (3) Special assessments as approved by the members

(b) The assessments paid to the Association shall be used to promote the recreation, health, safety and welfare of the member residents within Woodland Hills Subdivision. By way of illustration, but without limitation, the assessments may be used for doing anything necessary or desirable, in the opinion of the Board of Directors of the Association to keep the said Development neat and in good order and condition and to provide such other common community services as the members of the Association shall decide are necessary or useful for the benefit, health and welfare of member residents of Woodland Hills Subdivision.

(c) Effective November 15, 1991, the annual assessments shall be as follows:

- (1) Lot owner \$25.00 per year per lot
- (2) House owner \$25.00 per year per house
- (3) Initiation Fee \$10.00 upon application

(d) For each year commencing with November 15, 1992, the annual assessments may be increased by the Board of Directors to an amount which will be sufficient, in the judgement of the Board, to provide the funds required by the Association in carrying out its stated purposes and functions for the ensuing year. In no event shall the annual assessment as adjusted by the Board exceed 125% of the prior year's annual assessment without the consent of the Association members. Permission to exceed this amount can be granted, however, by the assenting vote of two-thirds of the Association members who are voting in person or by proxy at a meeting duly called for this purpose.

(e) The Board of Directors shall fix the amount of the annual assessments at least 30 days in advance of each annual assessment period, and in lieu thereof, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed amount of annual assessment shall be sent to every member at his address for notice of meetings. The due date of the assessment or other charges due shall be established by the Board of Directors. The first annual assessment may be adjusted according to the number of months remaining in the calendar year at the discretion of the Board of Directors.

(f) In addition to the annual assessments authorized above, the Association may levy at any time a special assessment applicable to that year only provided that any such assessment shall have the assenting vote of two-thirds of the Association members who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of such meetings shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

(g) Any assessments which are not paid when due shall be delinquent. A member may be suspended or expelled from the Association by action of the Board of Directors, after written notice of at least 30 days and opportunity to be heard, for failure to pay fees, dues or assessments. If the member desires to be reinstated at a later date, an initiation fee in an amount determined by the Board of Directors shall be required.

inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

11. NOTICE

Any notice required to be given by these Bylaws may be waived by the person entitled thereto before or after the time stated therein. Unless otherwise provided, whenever a notice shall be required by these Bylaws, such notice shall be given in writing and addressed to the person entitled thereto at his address as the same appears on the books of the Association, the time when such notice is mailed being deemed the time of the giving of such notice.

12. AMENDMENTS

These Bylaws may be amended at a regular or special meeting of the members of the Board of Directors by a vote of a majority of a quorum of members or Directors present in person or by Proxy. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

13. ASSETS; PURPOSE

No part of the income of the Association shall inure to the benefit of any officer, director or member of the Association, and upon the dissolution of the Association, the assets thereof shall, after all its liabilities and obligations have been discharge or adequate provisions made therefor, be distributed or conveyed to any association or associations organized for purposes similar to that of the Association, or to a government entity for maintenance.