

BY-LAWS FOR
1104 LYON'S PLACE HOMEOWNERS ASSOCIATION, INC.
A NONPROFIT CORPORATION

ARTICLE I
ASSOCIATION MEMBERS

Section 1. ANNUAL MEETING OF MEMBERS. The annual meeting of the members of the Association shall be held at a location to be designated and at an hour to be fixed by the President, for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

Section 2. SUBSTITUTE ANNUAL MEETING. If the annual meeting shall not be held on the day designated in these By-Laws, a substitute annual meeting at a location to be designated may be called in accordance with the provisions of Section 3 of the Article 1. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. SPECIAL MEETINGS OF MEMBERS. Special meetings of the members may be held whenever called in writing by the President or any member of the Board of Directors of the Association or by members representing twenty percent (20%) of the membership entitled to vote.

Section 4. NOTICE OF MEETING. Written or printed notices swing the time and place of meeting shall be mailed or delivered by the Secretary to each member of record at the member's last known address. The notice of each meeting shall be mailed or delivered by the Secretary not less than ten days nor more than sixty days prior to the date set for such meeting and as to special meetings, the Notice shall indicate the purpose or purposes thereof.

Section 5. QUORUM. At any meeting of the members, fifty percent (50%) of the members entitled to vote, present in person or represented by proxy, shall constitute a quorum of the membership for all purposes. If a quorum is not present, the meeting may be recessed for time to time by announcement from the chair at the time such meeting was set and such shall be sufficient notice of the time and place of the recessed meeting. When another meeting is held because a quorum was not present, 25% of the members entitled to vote, present in person or represented by proxy, shall constitute a quorum of the membership for all purposes at that meeting only. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 6. ORGANIZATION. The President or, in his absence, the vice President shall preside over all meetings of the members and the Secretary of the Association shall act as Secretary at all meetings of the members; provided, however, in the Secretary's absence the President may appoint a Secretary of such meeting.

Section 7. VOTING. Each member, as defined in the Articles of Incorporation, shall be entitled to cast only one vote per lot owned (whether owned by one or more persons or entities) on each matter submitted to a vote at a meeting of members. A majority of the votes cast at a meeting of the members at which a quorum is present shall be the act of the members on that matter, unless the vote of a greater number is required by law or by the charter or by other ByLaws of the Association. Cumulative voting shall not be allowed.

Section 8. VOTING BY PROXY. The vote allocated to a member may be cast pursuant to a dated written proxy signed by the member. A member may not revoke a proxy except by written notice delivered to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless it specifies a shorter term.

ARTICLE II

BOARD OF DIRECTORS

Section 1. NUMBER AND TERM OF OFFICE. "The affairs of the Association shall be managed by a Board of Directors of not less than three (3) and not more than twelve (12) members, which shall be entitled to act on behalf of the Association, in all routine, day to day operation of the Association.

The term of office for each Board member shall be for three (3) years until their successors have been duly elected and qualified. In the event of a vacancy occurring prior to the annual meeting of members, the Board of Directors shall have the authority to select a member to fill said vacancy until the next annual meeting of the members, at which time the members shall elect a successor director who shall fill the unexpired term of the director whose absence created said vacancy.

Section 2. COMPENSATION. No board member shall receive compensation for any service he/she may render to the Association. However, with prior approval of the Board, any Board member may be reimbursed for actual expenses incurred in the performance of his/her duties.

Section 3. ACTION WITHOUT MEETING. The Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all of the Board members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Board.

Section 4. MEETINGS. Meetings of the Board shall be held quarterly without notice, at such place and hour, as may be fixed from time to time by resolution of the Board. Special meetings of the Board may be called by any member of the Board after not less than five (5) days notice to each Board member.

Section 5. QUORUM. A majority of the Board members shall constitute a quorum for

the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting shall be regarded as the act of the Board.

Section 6. POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS. Subject to the provisions contained herein and applicable law, the Board shall have the power and authority to exercise all of the rights and powers of the Association, including, but not limited to, the following powers:

- (a) To adopt rules and regulations governing the use of the common area and facilities, their personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof;
- (b) To suspend the voting rights and right of use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association; and to suspend such rights, after notice and hearing, for infraction of published rules and regulations for a period of at least 60 days;
- (c) To declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;
- (d) To employ a manager, an independent contractor, or other employees as deemed necessary, and prescribe their duties; provided, that any contract for professional management must contain a clause requiring not more than 90 days termination notice;
- (e) To procure, maintain, and pay premiums on, insurance policy(s) and equitably assess the members same for their pro rata portion of such expense;
- (f) To impose and receive any payments, fees, or charges for the use, rental or operation of the common areas or elements other than for service provided to members;
- (g) To exercise all other powers that may be exercised in this state by legal entities of the same type as the Association;
- (h) To exercise any other powers necessary and proper for the governance and operation of the Association; and
- (i) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

Section 7. DUTIES OF THE BOARD OF DIRECTORS. It shall be the duty of the Board to do the following:

- (a) To cause the common elements to be maintained, repaired, and replaced as necessary, and to assess the members to recover the cost of the upkeep of the common elements;
- (b) To serve as or to receive information from the aesthetics committee and to propose and execute, when appropriate, changes in the covenants;
- (c) To keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting, or at any special meeting when such statement is requested in writing by 20% of the members;
- (d) To supervise all officers, agents, employees and committees of the Association, and see that their duties are properly performed;
- (e) To fix the amount of the annual assessment at least three (3) months in advance of each annual assessment period based on the projected budget for the annual assessment period;
- (f) To send written notice of each assessment to every member at least thirty (30) days in advance of the due date for each annual assessment;
- (g) To foreclose any unpaid assessment and liens resulting therefrom against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the member personally obligated to pay the same;
- (h) To issue, or have issued, for reasonable charge, a certificate setting forth whether or not any assessment has been paid; provided, however, that if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all parties except the member and lot owner as of the date of the assessment;
- (i) To procure and maintain, at all times adequate hazard insurance on the property owned by the Association and all property for which the Association has the duty to maintain, and sufficient liability insurance to adequately protect the Association, and such other insurance as the Board may deem necessary;
- (j) To cause all officers or employees, including officers and employees of professional management, having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (k) To carry out all other lawful activities normally associated with such organizations.

ARTICLE III

OFFICERS

Section 1. OFFICERS. The Executive officers of this Association shall be President, Vice-President, Secretary and Treasurer.

Section 2. ELECTION OF EXECUTIVE OFFICERS. The officers of the Association shall be elected by the Board of Directors. Such elections may be held at the annual or special meeting of the members of the Association. Each officer shall hold office until his/her death, resignation, retirement removal, disqualification, or his/her successor is elected and qualified.

Section 3. POWERS AND DUTIES OF THE EXECUTIVE OFFICERS.

- (a) The Chairperson shall preside at all meetings of the Board,
- (b) The President shall see that orders and resolutions of the Board are carried out; he/she shall sign all leases, mortgages, deeds and other written instruments; and he/she shall cosign all checks and promissory notes.
- (c) The Vice President shall act in the place of the President in the event of his/her absence, or his/her inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board.
- (d) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; he/she shall keep the associate seal and affix it on all papers requiring said seal; he/she shall serve notice of meetings of the Board and of the members; he/she shall keep appropriate current records showing the members of the Association together with their addresses; and he/she shall perform such other duties as required by the Board.
- (e) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Board; he/she shall sign all checks and promissory notes (such checks and promissory notes to be co-signed by the president) of the Association; he/she shall keep proper books of account; and he/she shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each member.

ARTICLE IV

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable

business hours, be subject to inspection by any member. The Articles of Incorporation and ByLaws of the Association shall be available for inspection by any member at the place designated as the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE V

GENERAL PROVISIONS

Section 1. AMENDMENTS. Except as otherwise provided herein, these By-Laws may be amended or repealed and By-Laws may be adopted at a regular or special meeting of the members at which a quorum is present, by vote of two-thirds (2/3) of the members.

Section 2. ASSOCIATION SEAL. A seal with the words "1104 LYON'S PLACE HOMEOWNERS ASSOCIATION, INC." on the outer circle and the date "2005" within the circle, shall be the common corporate seal of the Association and shall be in the custody of the secretary.

Section 3. FISCAL YEAR. The Association shall operate on a fiscal year basis ending December 31.

Section 4. OFFICES.

- (a) Principal Office. The principal office of the Association shall be located at such place as the Board of Directors may fix from time to time.
- (b) Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.
- (c) Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Association may require from time to time.

Section 5. DISSOLUTION. Dissolution of the Association may be adopted at a regular or special meeting of the members at which a quorum is present, by vote of two-thirds (2/3) of the members.

CERTIFICATION

I the undersigned, do hereby certify: That I am the duly elected and acting Secretary of 1104 LYON'S PLACE HOMEOWNERS ASSOCIATION, INC. a North Carolina non-profit corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Board of Directors thereof held on the 10th day of August, 2005.

IN WITNESS WHEREOF I have hereunto subscribed my name and affixed the seal of said Association this 16th day of September, 2005.

Malcolm F. G. J.
Secretary