

BYLAWS OF
CURTIS POND OWNERS' ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

Section 1. NAME. The name of the corporation is CURTIS POND OWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. LOCATION. The principal office of the corporation shall be located in Iredell County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to CURTIS POND OWNERS' ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property (including the improvements thereto) and other property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area labeled as "Common Area" on the Maps and all privately maintained roads and cul-de-sacs thereon, if any.

Section 3. "Declarant" or "Declarants" shall mean and refer to CURTIS POND, LLC, a North Carolina limited liability company, and shall also mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by CURTIS POND, LLC hereafter when such designee becomes vested with title to two or more undeveloped Lots for the purpose of causing dwellings to be constructed thereon, and any such successor in title to CURTIS POND, LLC shall be a Declarant during such period of time as said party is vested with title to two or more such lots (whether undeveloped or developed and unconveyed), but no longer.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for CURTIS POND, LLC applicable to the Properties recorded in the Iredell County Public Registry.

Section 5. "Development" shall mean and refer to CURTIS POND, a single-family residential development proposed to be developed on the Properties by the Declarant.

Section 6. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps with the exception of the Common Areas and public roads and streets.

Section 7. "Maps" shall mean and refer to the map of the Phase I Property as described in Article II, Section 1 of the Declaration, and any map of the additional properties, as described in

Article II, Section 2 of the Declaration (if all or any part of said additional properties are annexed pursuant to Article II of the Declaration) which may be recorded by Declarant in the Iredell County, North Carolina, Public Registry hereafter.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 9. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 10. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot including the Declarant if it owns any Lots and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 12. "Properties" shall mean and refer to the "Phase I Property" as described in the Declaration as well as any additional real estate which may hereafter be made subject to the Declaration and brought within the jurisdiction of the Association, as provided for in Article II, Section 2 of the Declaration.

ARTICLE III ASSOCIATION MEMBERS

Section 1. ANNUAL MEETING OF MEMBERS. The annual meeting of the Members shall be held at the principal office of the Association, at an hour to be fixed by the President, on the second Tuesday in January of each year (with the first annual meeting to occur on the second Tuesday in January, 2001) 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 Bylaws, a substitute annual meeting at the principal office of the Association may be called in accordance with the provisions of Section 3 of this Article III. 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 in the principal office of the Association, or elsewhere by consent of the Members, 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 stating 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 thirty (30) days nor more than sixty (60) 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. Unless otherwise specified in the Declaration, at any meeting of the Members, ten percent (10%) 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 adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. The quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. 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 or her absence, the Vice President, shall preside over all meetings of 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 for the meeting of the members.

Section 7. VOTING. Each Member of the Association, as defined in the Articles of Incorporation of said Association, shall be entitled to one vote on each matter submitted to a vote at a meeting of Members. The vote of a majority of the Members at a meeting of 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 Declaration, the Association's Articles of Incorporation or these Bylaws. 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.

Section 9. WAIVER OF NOTICE. Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 10. INFORMAL ACTION BY MEMBERS. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE IV BOARD OF DIRECTORS

Section 1. NUMBER AND TERM OF OFFICE. The business and affairs of the Association shall be managed by a Board of Directors of no less than three (3) persons, who need not be Members of the Association. Each director shall serve for a term of one (1) year or until his or her death, resignation, retirement, removal, disqualification or his or her successor is elected and qualified.

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

Section 3. NOMINATION. After the first election of directors, nominations for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. Nominations at the first meeting will be from the floor. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. ELECTION. Except as provided in Section 5 of this Article IV, Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be allowed.

Section 5. REMOVAL. Any director may be removed from the Board, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 6. 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 directors 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 7. 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 director after not less than five (5) days notice to each director.

Section 8. QUORUM. A majority of the Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting shall be regarded as the act of the Board.

Section 9. CHAIRMAN. A Chairman of the Board shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President of the Association shall serve as Chairman. In the event there is a vacancy in the office of Presidency, a Chairman shall be elected by the Board of Directors and shall serve until a new President is elected.

Section 10. LIABILITY OF THE BOARD. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contracts shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Owner(s).

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

Section 11. 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 Areas and facilities, the 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 not to exceed 60 days;
- (c) To declare the office of a director to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board;
- (d) To employ a manager, an independent contractor, or other employees as is deemed necessary, and prescribe their duties;
- (e) To procure, maintain, and pay premiums on, insurance policy(s) and equitably assess the Members 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 employ attorneys to represent the Association when deemed necessary;
- (h) To grant easements for the installation and maintenance of sewerage, utilities or drainage facilities upon, over, under and across the Common Areas without the ascent of the membership when such easements are requisite for the convenient use and enjoyment of the Properties;

(i) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as the Board may deem expedient;

(j) To exercise all other powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(k) To exercise any other powers necessary and proper for the governance and operation of the Association; and

(l) 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 12. DUTIES OF THE BOARD OF DIRECTORS. It shall be the duty of the Board to do the following:

(a) To cause the Common Areas 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 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 25% of the Members;

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

(e) As more fully provided in the Declaration, to fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year 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 assessments 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 a 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;

(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 officers and directors thereof; and

(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.

ARTICLE V OFFICERS

Section 1. OFFICERS. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. ELECTION OF OFFICERS. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. TERM. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his or her death, resignation, retirement, removal, disqualification, or his or her successor is elected and qualifies.

Section 4. SPECIAL APPOINTMENTS. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. VACANCIES. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. MULTIPLE OFFICES. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. COMPENSATION. No officer shall receive any compensation from the Association for acting as such.

Section 9. POWERS AND DUTIES OF THE OFFICERS.

(a) The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes on behalf of the Association.

(b) The Vice President shall act in the place of the President in the event of his or her absence, or his or her inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Board; shall sign all checks and promissory notes (such checks and promissory notes to be co-signed by the President) of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each Member.

ARTICLE VI 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, Declaration and Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE VII COMMITTEES

The Association shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.