

BYLAWS
OF

PROVIDENCE ARBOURS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

OFFICES

- Section 1. Principal Office. The principal office of the corporation shall be located in Charlotte, North Carolina.
- Section 2. Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office in the State of North Carolina. The address of the registered office may be changed from time to time by the Board of Directors.
- Section 3. Other Offices. The corporation 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 business of the corporation may require from time to time.

ARTICLE II.

MEETINGS OF MEMBERS

- Section 1. Annual Meeting. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the corporation, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter at such time and place as the Board of Directors may prescribe.
- Section 2. Substitute Annual Meeting. If the annual meeting for members shall not be held on the day designated by these bylaws, or any adjournment thereof, then a substitute annual meeting may be called in accordance with Section 3 of this Article and the meeting so called may be designated as the annual meeting.

Section 3. Special Meetings. Special meetings of the members may be called by the President or the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

Section 4. Place of Meeting. The Board of Directors may designate any place within the State of North Carolina as the place of meeting for any annual meeting of members called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the State of North Carolina.

Section 5. Notice of Meeting. Written or printed notice stating the time and place of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each member of record entitled to vote at such meeting.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the record of members of the corporation, with postage thereon prepaid. In addition to the foregoing, notice of a substitute annual meeting shall state that the annual meeting was not held on the day designated by these bylaws and that such substitute annual meeting is being held in lieu of and is designated as such annual meeting.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, no notice need be given of the time and place of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6.

Voting Lists. The Secretary shall make, at least ten (10) days before each meeting of members, a complete list of the members entitled to vote at such meeting, or any adjournment thereof. The list shall be arranged in alphabetical order, with the address of each member and shall be kept on file for a period of ten (10) days prior to such meeting, at the registered office of the corporation and shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 7.

Quorum. Thirty percent (30%) of the members of each class of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members.

The members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of members, such meeting may be adjourned from time to time by a vote of the majority of the members voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. If the required quorum is not present, another meeting may be called, subject to the notice requirements contained in Section 5, and the required quorum at the subsequent meeting shall be twenty percent (20%) of the members of each class of the corporation entitled to vote, represented in person or by proxy.

To the extent Paragraph 5.6 of Article V of the Declaration shall otherwise provide as to a quorum, said Paragraph 5.6 of Article V shall control.

Section 8.

Proxies. Votes of a member may be voted either in person or by one or more agents authorized by a written proxy executed by the

member or by his duly authorized attorney-in-fact.

A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specified therein the length of time for which it is to continue in force, or limits its use to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

Section 9. Voting of Members. Each member of the corporation shall be entitled to the voting rights set forth in Section 4.2 of Article IV of the Declaration.

Section 10. Votes Registered. The vote of a majority of the members voting at a meeting of members, duly held at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting except as otherwise provided by law or by these bylaws.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. Number, Tenure and Qualifications. The number constituting the Board of Directors shall not be less than three and not more than nine. The Board of Directors, before each annual meeting of members, shall determine the number constituting the Board of Directors for the ensuing year.

Directors shall be elected at the first annual meeting of the members and at each subsequent annual meeting or adjourned meeting of members (except as herein otherwise provided) for the filling of vacancies, and each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been elected and qualified. At the member meeting where control of the corporation is turned over to the members, five (5)

directors shall be elected to the following terms: (1) two directors to one year terms, (2) two directors to two year terms, and (3) one director to a three year term. Thereafter, all director terms shall be for two years. Directors shall be elected by a plurality of the votes cast at each election for directors.

Section 3. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum or by the sole remaining director. Any vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting of members or at a special meeting of members called for that purpose.

Any director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. At a special meeting of members the members may elect a director to fill any vacancy not filled by the directors.

Section 4. Removal. Any director may be removed at any time with or without cause by a vote of a majority of the members entitled to vote at an election of 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 the annual meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

ARTICLE IV.

MEETINGS OF DIRECTORS

Section 1. Organization Meeting. After the filing of the Articles of Incorporation, an organization meeting of the Board of Directors, named in the Articles of Incorporation, shall be held, either within or without the State of North Carolina, at a call of majority of the directors, for the purpose of adopting bylaws, electing officers and the transaction of such other business as may come before the

meeting. The directors calling the meeting shall give at least three (3) day's notice thereof by mail to each director so named, which notice shall state the time and place of the meeting, unless notice is waived as herein provided.

Section 2. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of members, The Board of Directors may provide, by resolution, the time and place within the State of North Carolina for the holding of additional regular meetings without other notice than such resolution.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the State of North Carolina as the place for holding any special meeting of the Board of Directors called by them.

Section 4. Notice. Notice of special meetings of the Board of Directors shall be given to each director not less than two (2) days before the date of the meeting and by any usual means of communications.

Neither the business transaction at, nor the purposes of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 5. Waiver by Attendance. Attendance of a director at a meeting of the Board of Directors 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 6. Quorum. A majority of the number of directors fixed by these bylaws shall constitute a quorum for the transaction of business.

Section 7. 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.

Section 8. Presumption of Assent. A director of the corporation 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 contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof shall forward such dissent by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE V.

OFFICERS

Section 1. Officers of the Corporation. The officers of the corporation shall consist of a President, a Secretary, Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Directors may from time to time elect. The same person may at the same time hold any two of the above-named offices except the offices of President and Secretary or President and Assistant Secretary.

Section 2. Election and Term. The officers of the corporation shall be elected by the Board of Directors and each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been elected and qualified.

Section 3. Compensation of Officers. The officers of the corporation shall not be compensated for their services to the corporation.

Section 4. Removal of Officers and Agents. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served

thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5.

Bonds. The Board of Directors may by resolution require any officer, agent or employee of the corporation to give bond to the corporation, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

Section 6.

President. The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders. He shall sign, with the Secretary, Assistant Secretary, or any other proper officer of the corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 7.

Vice Presidents. In the absence of the President or in the event of his 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 the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties of the President, and when so acting shall have all 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 by the President or Board of Directors.

Section 8.

Secretary. The Secretary shall: (a) keep the minutes of the meetings of shareholders, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register containing the name and the post office address of each member which shall be furnished to the Secretary by such member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9.

Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, 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 perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors.

Section 10.

Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such depositories as shall be selected in accordance with the provisions of Article VI, Section 4 of these bylaws; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

The Treasurer shall prepare, or cause to be prepared, a true statement of the corporation's assets and liabilities as of the close of each fiscal year, all in reasonable detail which statement shall be made and filed at the corporation's registered office or principal place of business in the State of North Carolina within four (4) months after the end of such fiscal year and thereafter kept available for a period of at least ten years.

Section 11. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurer, 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 perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors may select.

ARTICLE VII.

GENERAL PROVISIONS

- Section 1. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed "SEAL;" and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the corporation.
- Section 2. Fiscal Year. Unless otherwise fixed by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January and end on 31st day of December in each year.
- Section 3. Amendments. These Bylaws may be amended, at a regular or special meeting of the members, by the affirmative vote (in person or by proxy) or written consent of members representing a majority of the total votes of the corporation, which shall include a majority of the votes of members other than the Declarant or, where the two (2) class voting structure is still in effect, shall include a majority of each class of members. So long as there is a Class B membership and lots are sold in Providence Arbours with FHA insured or VA mortgage loans, then any amendment to these Bylaws shall require the prior approval of the Veterans Administration or the Federal Housing Administration. In addition, the Declarant may amend these Bylaws at the request of the Veterans Administration, the Federal Housing Administration or the Federal National Mortgage Association to correct clerical or scrivener's errors.
- Section 4. Provisions of Articles of Incorporation and Declaration. In case of conflict between a provision in these bylaws and a provision in

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