

INITIAL CODE OF BYLAWS
OF
HART'S CREEK LANDOWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Hart's Creek Landowners Association, Inc. The principal office of the corporation shall be located in Chatham County, North Carolina, and meetings of Members and Directors may be held at such places within the State of North Carolina, Counties of Chatham or Wake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 2.1 "Association" shall mean the Hart's Creek Landowners Association, Inc.

Section 2.2 "Pond Association" shall mean the Hart's Creek Pond Association which shall include all members of the Association except for members whose lots are in Phase II of Hart's Creek development.

Section 2.3 "Declarants" shall mean the Hart's Creek Partnership, a North Carolina Partnership.

Section 2.4 "Member" shall mean a member of the Association as deemed in Article N of these Bylaws.

Section 2.5 "Covenants" shall mean that certain Declaration of Covenants and Restrictions of Hart's Creek dated November 1, 1991 and recorded in Book 582, Pages 76 thru 83, and that certain Declaration of Covenants, Conditions and Restrictions of Hart's Creek Phase II dated September 13, 1995 and recorded in Book 674, Pages 119 thru 127, Chatham County Registry.

Section 2.6 "RMA" (Road Maintenance Agreements) shall mean that certain Declaration of Road and Common Area Maintenance of Hart's Creek dated November 1, 1991 and recorded in Book 582, Pages 84 thru 89, and that certain Declaration of Covenants, Conditions and Restrictions of Hart's Creek Phase II dated September 13, 1995 and recorded in Book 674, Pages 119 thru 127, Chatham County Registry.

Section 2.7 "Road Fund" shall mean that account or funds to be used for the sole purpose of maintaining the Association's road.

Section 2.8 "General Fund" shall mean that account or funds to be used for the sole purpose of maintenance, taxes and insurance of the common area and pond, and the

Association's corporate and administrative fees; including any other fees as agreed to by the Members in accordance with the process described herein..

Section 2.9 All other terms defined in the Covenants and Road Maintenance Agreement shall have the same meanings in these Bylaws as they have in the Covenants and Road Maintenance Agreement.

ARTICLE III

PURPOSE

Section 3.1 The purposes for which the corporation is organized are:

A. to provide a means to fairly and properly administer the duties and responsibilities of the Members of the Association as stipulated in the Covenants and RMA to which all Members have already bound themselves and agreed to by the purchase of their respective lot(s) in Harts Creek; more specifically;

B. to preserve the desire and intent of the Declarants, the Hart's Creek Partnership, as stated in the Covenants to create a low density residential community with permanent protection for native flora and fauna and the opportunity for residents to live in harmony with these natural life forms;

C. to preserve the uniform scheme for the development of the property in with the Covenants established by the Declarants;

D. to provide for and cause the maintenance of the private road as described in the RMA established by the Declarants; including the grading, hauling in of gravel or rock to fill ruts, holes and washed out sections and necessary replacement of or additional drainage culverts and to maintain road in at least an all weather condition;

E. To provide for and cause the maintenance of the pond and common area as described in the Covenants and RMA as established by the Declarants; including property taxes, insurance and maintenance costs.

ARTICLE IV

MEMBERSHIP

Section 4.1 Association Membership. Each Land Owner as defined in the Covenants shall be entitled to Membership in the Association and shall remain a member of the Association for so long as he or she retains ownership of a Lot. When title to a Lot is held by more than one person or entity, the Membership shall be shared in the same proportion as the title, but there shall be only one Membership per Lot. For example, joint owners, whether or not husband and wife, shall constitute one Membership and both owners shall be collectively referred to herein as a "Member." Membership does not include a mortgagee, trustee or beneficiary under a deed of trust, and the giving of a mortgage or

deed of trust shall not terminate any Land Owner's membership. Membership shall be appurtenant the Lot to which it appertains, shall be transferred automatically by conveyance of that Lot, and may be transferred only in connection with the conveyance of title to that Lot.

Section 4.2 Pond Association Membership. Each Land Owner entitled to Membership in the Association shall automatically be a Member of the Pond Association Membership except for those Members of the Association who own lots in Phase II of Harts Creek Development. Except as otherwise noted all terms and conditions as apply to the Association shall also apply to the Pond Association.

Section 4.3 Registered Members. The Association shall be entitled to treat Members of record as Members in fact and, except as otherwise provided by the laws of North Carolina, the Association shall not be bound to recognize any other persons or entities as Members.

Section 4.4 Voting. Each Member shall be entitled one (1) vote per Lot owned, provided, however, that if the title to such Lot is held by more than one person, the one (1) vote attributable to such Lot shall, like the membership itself, be shared in the same proportion as the title to the Lot so that there shall not be more than one (1) vote per Lot.

ARTICLE V

MEETINGS OF MEMBERS

Section 5.1 Annual Meeting. The annual meeting of the Members shall be held in February of each year at a time to be set by the Board of Directors for the purpose of transacting any business authorized to be transacted by the Members.

Section 5.2 Substitute Annual Meeting. If the annual meeting of the Members is not held as provided in Section 5.1, any business, including the election of Directors, which might properly have been acted upon at that meeting may be acted upon at any subsequent meeting of the Members held pursuant to these Bylaws or pursuant to a court order requiring a substitute annual meeting.

Section 5.3 Special Meetings. Special meetings of the Members may be called at any time by the President, Secretary, any two or more Directors, or upon written request of any Members collectively entitled to vote one fourth (1/4) of all of the votes in the Association.

Section 5.4 Notice of Meetings. Written notice of each meeting of Members shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before such meeting to each Member entitled to vote there at, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall

specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Proof of such mailings shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings by vote of the Members of the Association.

Section 5.5 Quorum. The presence at any meeting of Members and proxies entitled to cast at least sixty percent (60%) of all votes in the Association shall constitute a quorum for any action except as otherwise provided. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The presence of a Member at the beginning of a meeting shall constitute the presence of such Member for the purpose of determining a quorum. The vote of a membership shared by more than one person or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the owners of the Lot conferring such membership and filed with the Secretary of the Association. Such certificate shall be valid until revoked by a subsequent certificate.

Section 5.6 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 5.7 Order. The order of business at annual meetings of Members and, as far as practical, at all other meetings of Members, shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Unfinished business.
- e. New business.
- f. Adjournment.

Section 5.8 Conduct of Meetings. The President shall preside over all meetings of Members. The Secretary shall keep a minute book with all resolutions adopted by the Members, minutes of all meetings, and all written consents to actions taken without a meeting. Robert's Rules of Order (latest edition) shall govern the conduct of the meeting as required.

Section 5.9 Adjournments. Any meeting of the Members, whether or not a quorum is present, may be adjourned by a majority of the votes at the meeting to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is present at the reconvened meeting.

Section 5.10 Action of Members Without a Meeting. Any action which may be taken at a meeting of the Members may also be taken without a meeting if a written consent setting forth the action authorized is signed by all of the Members. The consent shall be filed in the minute book or other appropriate records by the Secretary. It shall then have the same effect as a unanimous vote of the Members at a special meeting called for the purpose of considering the action authorized.

Section 5.11 Emergency Action of Members Without a Meeting. In certain and rare instances it may become necessary for action to be taken without the due process described in Section 5.10. Such action shall be taken only by the consensus agreement of the President, Treasurer and two other Members of the Association. Such actions shall be limited only to the type of situation as may present a threat of significant property loss or personal injury; or any other such emergency situation for which an immediate resolution would be in the best interest of the Association.

Section 5.12 Vote Required for Action. Except as otherwise provided by the North Carolina Nonprofit Corporation Act, the Covenants, the RMA or herein, the act of a majority of the votes of the Members at a meeting at which a quorum was present shall be the act of the Members.

Section 5.13 Powers Reserved to Members. In addition to those powers specifically reserved to the Members by law, in the Covenants, the RMA or in the Articles of Incorporation, the Members shall have the sole and exclusive right and power to:

- (a) set, by the affirmative vote of at least a majority of all Members of the Association present and voting in a quorum, the amount of any Annual Assessment, such as administrative and corporate fees, as agreed to at the annual meeting by a vote of the Membership;
- (b) approve any "Other Assessment" as agreed to by a majority vote of All the Membership;
- (c) approve, by the affirmative vote of not less than a majority of all Members of the Association present and voting in a quorum, any appropriation from the Association's appropriate fund in excess of \$300.00.
- (d) approve, by the affirmative vote of not less than sixty percent (60%) of ALL Members of the Association, the borrowing of any money or the incurring of any debt by the Association, provided, however, that in no event shall the Association borrow any money or incur any debt for any purpose other than for the repair, maintenance and/or improvement of the Road;
- (e) approve, by the affirmative vote of not less than two thirds (2/3) majority of ALL Members of the Association, any changes, modifications and revisions of the Covenants as provided for in Section Twenty thereof;
- (f) direct the President, by the affirmative vote of not less than three-fourths (3/4) of a Quorum of the Association present and voting, to (i) perfect the lien imposed by Article 3 of the RMA against any Lot for which any Annual or Other Assessment is not timely paid, and/or (ii) bring an action at law against the Member personally obligated to pay any such delinquent assessment pursuant to the same Article of the RMA and/or (iii) bring an

action at law or in equity against any person or persons violating of threatening to violate such restrictions imposed in the Covenants and to recover any damages suffered from any violation thereof or to restrain violations if, in their discretion the Members determine that such action is warranted, having first given due consideration to the particular circumstances of defaulting Member.

Section 5.14 Procedure for Enforcement of Covenants and RMA. If a Member believes that another Member(s) is violating a provision of the Covenants or RMA, out of courtesy to their neighbor, the Member (the Complainant) should first contact the Member(s) (the Respondent(s) and inform them of the violation and request a correction. If the violation is not corrected:

1. The Complainant may report the violation to the President (unless the Respondent is the President in which case it shall be reported to the Secretary and "Secretary" shall be substituted as follows). A written log of such complaints will be kept. Complaints may be in writing or by telephone.
2. Within 5 business days of receiving the complaint, the President will check the complaint. If the President determines that the complaint is unfounded using prudent judgement and the guidelines set forth in the Covenants and RMA, the Complainant will be so notified.
3. If the complaint is verified, written notification will be sent to the Respondent, stating:
 - the nature of the violation
 - what action is needed to correct the violation
 - a time frame for correcting the violation
 - a request for correction or a response within that time frame
4. The President has the authority to determine a reasonable time frame for correction, and to grant an extension of time if needed. The President may grant only one extension of time to correct a violation; further extensions must be granted by the Membership.
5. If there is no response or correction of the violation within the given time frame the matter and all existing correspondence is referred to the Membership by mail for review.
6. A second letter shall be sent to the Respondent, noting:
 - no response or correction
 - the penalty for the violation (including litigation)
 - the right to a hearing before the Membership prior to the imposition of a penalty
 - the right to counsel at the hearing
 - the date and time of the hearing
7. This notice must be sent to the Respondent by certified mail or hand delivered 30 days prior to the hearing date. A copy will be sent to all Members of the Association.
8. At a duly called meeting of the Membership at which a quorum is present and voting the President will present the complaint, efforts to resolve the complaint,

- documentation and witnesses if necessary. The Respondent will present explanation and witnesses as necessary. The Membership may ask questions of the President and/or the Respondent.
9. The Membership will vote and make a decision regarding the complaint invoking those powers as delegated to them in the Covenants and RMA.
 10. The foregoing procedure and hearing will take place whether or not the Respondent attends the hearing.

ARTICLE VI

BOARD OF DIRECTORS

Section 6.1 General Powers. The business and affairs of the Association shall be managed by the Board of Directors. The Board shall have all powers of the Association that are not required by law, the Declaration, the Articles of Incorporation or these Bylaws to be exercised by the Members. The powers of the Association include those set forth in Section 55A-15 of the North Carolina Nonprofit Corporation Act'.

Section 6.2 Qualifications. Each Director must be a Member.

Section 6.3 Nomination. Nominations for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

Section 6.4 Election. Election to the Board of Directors shall be by a show of hands. 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 Articles of Incorporation and these Bylaws. The Member or Members receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

Section 6.5 Number and Term of Office. The Board of Directors shall consist of three (3) Directors with each having a one (1) year term of office. The Directors shall consist of the President, Secretary and Treasurer. Each Director shall serve until his term expires and his successor has been elected and qualified, subject to removal, disqualification, or resignation.

Section 6.6 Removal. Any Director may be removed from office with or without cause by majority of the votes in the Association. Removal action may be taken at any annual or special meeting with respect to which notice of such purpose has been given. A removed Director's successor may be elected at the same meeting to serve the unexpired term.

Section 6.7 Vacancies. A vacancy occurring on the Board of Directors may be filled by a majority of the Directors remaining in office though less than a quorum of the Board of Directors. The Director so elected by the Board shall serve until the next annual or special meeting of the Members, at which time a Director shall be elected by the Members for the remainder of the term, if any.

Section 6.8 Compensation. Directors shall not receive compensation for their services as Directors. A Director may serve the Association in another capacity and receive compensation if disclosed to the Board in advance in writing.

Section 6.9 Committees. The Board may designate from one or more committees, each consisting of at least one (1) Director. Each committee shall have the authority set forth in the resolution establishing the committee.

ARTICLE VII

MEETINGS OF THE BOARD OF DIRECTORS

Section 7.1 Place of Meetings. Directors may hold their meetings at any place that the Board may from time to time establish.

Section 7.2 Regular Meetings. Regular meetings of the Board of Directors Shall be held at least once a year on a regular schedule established by the Board.

Section 7.3 Special Meetings. Special meetings of the Board may be called by the President or by any two (2) Directors.

Section 7.4 Notice of Meetings. No notice shall be required for regularly scheduled meetings of Directors. Notice of each special meeting of Directors shall be given to each Director stating the time, place and purpose of the meeting. The notice shall be given by mail deposited at least five (5) days before the meeting or by telephone, telegram, cablegram or personal delivery at least three (3) days before the meeting. Notice by telegram or cablegram shall be deemed delivered at the time the notice is filed with the transmitting agency. Notice by telephone or personal delivery shall be deemed effective only when actually communicated to the Director.

Section 7.5 Quorum. A quorum shall be deemed present throughout any meeting of the Board of Directors when Directors entitled to cast a majority of the votes on the Board are present at the beginning of the meeting. Directors may hold their meetings at any place that the be held Regular meetings of the Board of Directors Shall meetings of the Board may be called by the

Section 7.6 Voting. Except as otherwise provided by law or in the Declaration, the act of a majority of the Directors present at a meeting at which a quorum is present at the time shall be the act of the Board of Directors. Each Director shall have one equal vote on the Board.

Section 7.7 Adjournments. Any meeting of the Board, whether or not a quorum is present, may be adjourned by a majority of the Directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was

adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is present at the reconvened meeting.

Section 7.8 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent is signed by all the Directors and is filed with the minutes of the Board. The consent shall have the same force and effect as a unanimous vote of the Board.

Section 7.9 Conduct of Meetings. The President shall preside over all meetings of the Board. The Secretary shall keep a minute book with all resolutions adopted by the Board, minutes of all meetings, and all written consents to actions taken without a meeting and proceedings occurring at such meetings. Robert's Rules of Order {latest edition} shall govern the conduct of the meetings as required.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 Powers. Subject to those powers required by law, the Articles of Incorporation, or these Bylaws to be exercised by the Members, the Board of Directors shall have power to:

- (a) declare the office of any Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (b) approve and authorize any appropriation of not more than \$300.00 from the Association's funds.
- (c) direct the President to employ an independent contractor or such other employees as he deems necessary in order to accomplish any such repair, maintenance and/or improvement authorized by the Directors pursuant to subsection (b) above, or by the Members pursuant to Section 5.13 hereof;
- (d) exercise on behalf of the Association all other powers, duties and authority vested in or delegated to the Association and not expressly reserved to the Members by law, the Articles of Incorporation, the Declaration or these Bylaws; and
- (e) exercise all other powers set forth in Section 55A-15 of the North Carolina Nonprofit Corporation Act which are not expressly reserved to the Members by law, the Articles of Incorporation, the RMA, the Covenants or these Bylaws.

Section 8.2 Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting which such statement is requested in writing by Members having at least one fourth
 1. (1/4) of all votes in the Association;

- (b) supervise all officers, agents, and sub-contractors of the Association, and to see that their duties are properly performed;
- (c) cause the Road to be maintained in a fair and equitable manner, to the fullest extent possible, out of Assessments which may have accumulated in the Association's Road Fund and/or by the assessment of Members for expenses as they are incurred for this purpose as defined in the RMA;
- (d) cause the Pond to be maintained in a fair, equitable and safe manner, to the fullest extent possible, out of the Assessments which may have accumulated for this purpose in the Association's General Fund and/or by the assessment of Members for expenses as they are incurred for this purpose as defined in the RMA
- (e) notify "affected" Members when the Board determines that a requested or necessary repair can not or should not be paid for out of the appropriate fund and to thereafter call a meeting of all such "affected" Members for the purpose of determining whether such "affected" Members desire to impose upon themselves an "Other Assessment" to finance such requested or necessary repairs pursuant to Article 3 of the RMA;
- (f) issue, or to cause an appropriate officer to issue, upon demand by any Member, a receipt setting forth whether any assessment has been paid. If a receipt issued in good form by an officer states that an assessment has been paid, such receipt shall be conclusive evidence of
 - 2. such payment;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) perform all other duties imposed by law, the Articles of Incorporation or the Covenants or RMA or not specifically reserved to the Members.

ARTICLE IX

OFFICERS

Section 9.1 Number. The Officers of the Association shall consist of a President, one or more Vice Presidents as designated by the Board, a Secretary, a Treasurer and one or more Assistant Secretaries and Treasurers as designated by the Board. The Association shall not be required to have at any time any Officers other than a President, Secretary and Treasurer. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 9.2 Election and Term. All Officers shall be elected by a sixty percent (60 %) majority of the Membership present and voting in a quorum and shall serve for a minimum term of one year.

Section 9.3 Compensation. Officers shall not receive compensation for their services as Officers. An Officer may serve the Association in another capacity and receive compensation if disclosed to the Board of Directors in advance in writing.

Section 9.4 Removal. Any Officer or agent elected by the Membership may be removed by the Membership at any meeting with respect to which notice of such purpose has been given.

Section 9.5 President. The President shall be the chief executive officer of the Association and shall have responsibility for the general supervision of the business of the Association. He shall see that all orders and resolutions of the Membership are carried into effect. The President shall perform such other duties as may from time to time be delegated to him by the Membership. He shall have all the general powers and duties which are incident to the office of the President of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 9.6 Vice Presidents. The Vice President shall, in the absence or disability of the President, or at the direction of the President, have the duties and powers of the President. If the Association has more than one Vice President, the Membership shall designate one of them to act for the President. Vice Presidents shall have whatever duties and powers the Membership may from time to time assign.

Section 9.7 Secretary. The Secretary shall keep accurate and complete records of all meetings of Members, Directors and committees of Directors, including minutes of the meetings, all resolutions adopted and all consents to actions without a meeting. He shall have authority to give all notices required by law, the Declaration or these Bylaws. He shall be custodian of the corporate books, records, contracts and other documents. The Secretary may affix the corporate seal to any lawfully executed documents requiring it and shall sign such instruments as may require his signature. The Secretary shall have whatever additional duties and powers the Membership may from time to time assign him or may be incident to the office of secretary of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 9.8 Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse them under the direction of the Membership. The Treasurer shall keep full and true accounts of all receipts and disbursements and shall make reports to the Membership and to the President upon request. He shall perform all duties as may be assigned to him from time to time by the Membership. The Treasurer shall prepare or cause to be prepared all required financial statements, tax returns and budgets. If the Association employs a property manager, accountant, attorney or other agent, the duties may be delegated to the agent. However, the Treasurer shall remain responsible for supervising the agent.

Section 9.9 Assistant Secretary and Assistant Treasurer. The Assistant Secretary and Assistant Treasurer shall, in the absence or disability of the Secretary or the Treasurer, respectively, have the duties and powers of those offices. They shall, in general, perform any other duties assigned to them by the Membership. Specifically, the Assistant Secretary may affix the corporate seal to all necessary documents and attest the signature of any Officer.

Section 9.10 Bonds. The Membership may require any or all of the Officers, agents or employees of the Association to give bonds to the Association, with sufficient surety, conditioned on the faithful performance of the duties of their respective Offices or positions.

ARTICLE X

MISCELLANEOUS

Section 10.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each year except that the first year shall begin on the date of incorporation of the Association.

Section 10.2 Seal. The corporate seal of the Association shall be in a circular form, having within its circumference the words: Hart's Creek Landowners' Association, ____ - Corporate Seal, as imprinted below:

Section 10.3 Inspection of Books and Records. All accounts, books and records of the Association shall be open to inspection by the Members, mortgagees, trustees and beneficiaries under a deed of trust and prospective purchasers of any Lot during normal business hours subject to such reasonable rules as the Membership may establish.

Section 10.4 Indemnification. Each Director or Officer shall be indemnified by the Association against those expenses which are allowed by the laws of North Carolina and which are reasonably incurred in connection with any action, suit or proceeding, whether completed, pending or threatened, in which such person may be involved by reason of his being or having been a Director or Officer. Indemnification shall be made only in accordance with the laws of North Carolina. The Association may purchase and maintain insurance on behalf of any such

Officers and Directors against any liabilities asserted against them whether or not the Association would have the power to indemnify the Officers and Directors against the liability under the laws of North Carolina. If any expense or other amounts are paid by way of indemnification, other than by court order, by action of Members or by an insurance carrier, the Association shall provide notice of such payment to the Members in accordance with the laws of North Carolina.

Section 10.5 Waiver of Notice. Whenever any notice is required to be given to any Member or Director, a waiver signed by the Director or Member entitled to such notice, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent to proper notice. Attendance at a meeting, whether in person or by proxy, shall be a waiver of notice of the time and place unless specific objection to improper notice is made when the meeting is called to order. Attendance shall also be a waiver as to all business transacted unless specific objection is made before the objectionable business is put to vote.

Section 10.6 Amendment. These Bylaws may be amended at a regular or special meeting of the Members by the affirmative vote of sixty percent (60%) of ALL Members of the Association.

Section 10.7 Self-Dealing. Each Director and Officer shall disclose in the written minutes Of the Board any contract or agreement of any kind between the Association and any person or entity to which he is related by blood or marriage or in which he has an interest, whether direct or indirect.

Section 10.8 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Covenants or RMA and these Bylaws, the Covenants and RMA shall control.

Section 10.9 Invalidity. The invalidity of any part of these by-laws shall not impair or affect in any manner the validity, enforceability or otherwise affect the balance of these bylaws.

THE NEXT PAGE IS THE CERTIFICATION PAGE

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Harts Creek Landowner's Association, whose members have elected to incorporate and become a North Carolina non-profit corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of such association, and were duly adopted by the Members and Directors of the Association effective January 22, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed by name this 24th day of January 1995

Secretary

WITNESS: