

**BY-LAWS**

**OF**

**PROVIDENCE WOODS SOUTH HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I.**

**NAME AND LOCATION**

The name of the Association is Providence Woods South Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at Union County, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

**ARTICLE II.**

**DEFINITIONS**

- Section 1. "Association" shall mean and refer to Providence Woods South Homeowners Association, Inc.
- Section 2. "Properties" shall mean and refer to that certain real property described in the Restrictions and Declaration of Covenants, Conditions, and Restrictions recorded in Book 395 at Page 77 of the Union County Public Registry (and in Book 5173 at Page 801 of the Mecklenburg County Public Registry), and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.
- Section 3. "Common Property" shall mean all existing roads, rights-of-way and common areas (so designated in recorded plats) presently shared by Property Owners, plus signs and other property as may be purchased for the common use and benefit of the Owners.
- Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Property.
- Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract buyers, but

excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Union and Mecklenburg Counties, North Carolina.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration, including Owners under contract of sale.

### ARTICLE III.

#### PURPOSE AND POWERS

The Association shall operate on a not-for-profit basis in accordance with its Articles of Incorporation. The Association will not provide pecuniary gain or profit, direct or indirect, to its Members. The purposes for which it is formed are:

Section 1. General. To promote the recreation, health, safety, and welfare of the residents within The Properties, and such additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation as provided in the Declaration, and for this purpose to:

- (a) own, acquire, build, operate, and maintain any roads, utilities, trails, parking lots, open space, pools, tennis courts, boardwalks, lakes, docks, piers, clubhouses, streets, footways, including building structures and personal properties incident thereto, any and all of which is hereinafter referred to as the "Common Properties";
- (b) fix Assessments or Common Charges to be levied against The Properties;
- (c) pay taxes, if any, on the Common Properties; and
- (d) insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the resident of The Properties.

Section 2. Dispose of Assets. To mortgage, pledge, hypothecate or otherwise grant any form of

security interest in and to its properties or accounts receivable, to dispose of its assets, provided that upon dissolution, the assets shall be dedicated to an agency or utility to be devoted to purposes, as nearly as practicable, the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of Association properties shall be effective to divest or diminish any right or title of any Member vested in him under the recorded covenants and deeds applicable to The Properties unless made in accordance with the provisions of such covenants and deeds.

Section 3.

Additions to The Properties and Memberships.

Additions to The Properties described in the Declaration may be made only in accordance with the provisions of the recorded covenants and restrictions applicable to The Properties. Such additions, when properly made in the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this Association to such properties.

Section 4.

Mergers and Consolidations. Subject to the provisions of the recorded covenants and restrictions applicable to the properties described in the Declaration, and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of sixty-seven percent (67%) of the votes of each class of members eligible to vote at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5.

Mortgages: Other Indebtedness. The Association shall have the power to mortgage or grant deeds of trust (hereinafter referred to as "mortgages") on the Common Properties only to the extent authorized in this Section 5.

The total debts of the Association including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two (2)

years' annual Assessments established at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of sixty-seven percent (67%) of the votes of each class of Members at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. Dedication of Properties or Transfer of Function to Public Agency or Utility. The Association shall have power to dispose of the Common Properties only as authorized under the recorded covenants and restrictions applicable to said properties.

Section 7. Dissolution. The Association may be dissolved only with the assent given in writing and signed by the Members entitled to cast sixty-seven percent (67%) of each class of its membership eligible to vote. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets shall be mailed to every Member and mortgagee at least ninety (90) days in advance of any action taken.

Section 8. Disposition of Assets Upon Dissolution. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency or association to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association.

#### ARTICLE IV.

##### MEETING OF MEMBERS

Section 1. Annual Meetings. A regular annual meeting of the Members shall be held during the first quarter of each year.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of one-fourth (1/4) of the Members who are entitled to vote.

Section 3. Notice of Meetings. Written notice of each annual or special meeting of the Members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy

of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereof, 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.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of membership shall constitute a quorum for any action except as otherwise provided in the By-Laws.

If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereof 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 presented or represented.

Section 5. 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 their Lot.

#### ARTICLE V.

##### BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors of eleven (11) members. If by the process of resignation or termination of Directors, the number falls below eleven (11), the Board shall not operate with less than seven (7) members.

Section 2. Term of Office. The affairs of this Association shall be managed by a Board of Directors who will be elected for staggered terms.

Each Director shall serve a three (3) year term after the initial phase-in of Directors' terms. Initially, by vote of the Board, the first set of four (4) officers will serve a three (3) year term, four (4) directors will serve two (2) year terms and three (3) directors will serve a one (1) year term. Thereafter, directors shall be elected every year at the annual meeting to serve a three (3) year term. Other directors may be elected to

serve unexpired terms of directors who resign or who are removed from office.

There shall be two (2) alternative Directors elected at each Annual Meeting to serve in the event of a vacancy on the Board. Election of these Directors is determined by the next highest number of receiving votes after all Directors terms have been filled.

Section 3.

Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, the successor shall be the alternative Director having received the highest number of votes. If the alternative Directors are unable to serve, the President may appoint a Member to fill the unexpired term.

Section 4.

Compensation. No director shall receive compensation for any service they may render the Association. However, any director may be reimbursed for actual expenses incurred in the performance of their duties.

Section 5.

Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6.

Liability of the Board of Directors. The Directors shall not be liable to the Association or to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Association shall defend, indemnify and hold harmless, to the extent permitted by law, each of the Directors against all liability arising out of their conduct on behalf of the Association, unless such conduct shall have been willful misconduct or in bad faith. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Association (except as Members). It is also intended that the liability of any Member arising

out of any contract made by the Association with respect to the Common Properties, or out of the aforesaid indemnity in favor of the Board of Directors, shall be limited to the Member's interest in the Common Properties.

## ARTICLE VI.

### NOMINATION AND ELECTION OF DIRECTORS

Section 1.

Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association who are not Directors. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2.

Election. Election to the Board of Directors shall be by secret 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 is not permitted.

## ARTICLE VII.

### MEETINGS OF DIRECTORS

Section 1.

Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such time and place as may be fixed from time to time by resolution of the Board.

Section 2.

Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 3.

Quorum. A majority of the number of 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 at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provision of these By-Laws;
- (b) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of ~~Directors~~;
- (c) employ a manager, an independent contractor, or such other employees as deemed necessary, and to allocate funds as required to meet the needs of the Association. The expense for these activities shall be determined by a budget to be approved by the Members at each annual or special meeting; and
- (d) disperse funds, for other than those expenses defined by the Declaration, to be used for the benefit of the Association (i.e. newsletter, neighborhood directories, homeowners' functions, etc.). The expenses for these activities shall be determined by a budget to be approved by the Members at each annual or special meeting.

Section 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 associate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;



- (c) as more fully provided in the Declaration to:
- (1) fix the amount of annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
  - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
  - (3) fix the amount of any special assessment against each Lot, as prescribed in the original Declaration of Providence Woods South Subdivision, and send written notice of said special assessment to each Owner at least thirty (30) days in advance of the payment date.
- (d) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (e) cause all Common Properties to be maintained and insured as they deem necessary to protect the property and interests of the Association.

## ARTICLE IX.

### OFFICERS AND THEIR DUTIES

- Section 1. Enumeration of Officers. The officers of this Association shall be president and vice-president, secretary, and treasurer, who shall at all times be members of the Board of Directors, and such 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 the annual meeting of the Members.
- Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless the officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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. If a Director or officer misses three (3) consecutive Board meetings, they may be removed from office by majority vote of the remaining members of the Board.

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 being replaced.

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 (1) of any of the other offices except in the case of the special offices created pursuant to Section 4 of this Article.

Section 8. The duties of the officers are as follows:

President

- (a) The president shall preside at all meetings of the Board of Directors; 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.

Vice-President

- (b) The vice-president shall act in the place and instead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

### Secretary

- (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 appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board. The secretary shall also keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members.

### Treasurer

- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disperse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual report of the Association's books to be completed at the end 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 regular annual meeting, and deliver a copy of each to the Members.

## ARTICLE X.

### COMMITTEES

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

## ARTICLE XI.

### 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 Declaration and the By-Laws of the Association will be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

## ARTICLE XII.

### AMENDMENT

These By-Laws may be amended, at a regular or special meeting of the Members, by vote of a majority of a quorum of Members present in person or by proxy.

## ARTICLE XIII.

### MISCELLANEOUS

The year of the Association shall begin on the first day of January and end on the 31st day of December every year.

## ARTICLE XIV.

### ASSESSMENTS

Each Member is obligated to pay to the Association annual assessments as established by the Board of Directors based upon the financial demands of the Association. Assessments shall be due by January 1 of each year. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, there may be a hearing held between the Board and the Lot Owner to determine the reason for the delinquency. The assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum, and after ninety (90) days of delinquency, the Board may bring an action at law against the Owner personally obligated to pay the same, and interest costs, and reasonable attorney's fees or any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common area or abandonment of their lot. Any Lot Owner whose assessment is delinquent will lose their right to vote on any matter concerning the Association. Voters rights will be restored as soon as the delinquent assessment has been paid, including interest, fees, and other costs.

## ARTICLE XV.

### GRIEVANCES

Any property Owner in the Association who has a grievance or complaint against another property Owner involving restriction violations, which cannot be resolved amicably, may submit the complaint in writing to the Board of Directors for discussion at the next scheduled Board meeting. A copy of this written complaint must also be submitted to the property Owner to whom the complaint is directed prior to discussion by the Board of

Directors. The Board of Directors will then determine what action, if any, shall be taken on behalf of the Association to correct said violation.