

BYLAWS OF WOOD VALLEY HOMEOWNERS ASSOCIATION, INC.

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Article I – Name, Purpose and Membership

The name of the corporation is Wood Valley Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located in Raleigh, Wake County, North Carolina, but meetings of members and directors may be held at such places within the County as may be designated by the Board of Directors. The corporation is a not-for-profit entity that does not hold title or deed to any real property. Membership in the corporation is voluntary. The corporation has no powers of enforcement over the covenants governing the land use rights of any of its members.

The purpose of the corporation is to maximize the influence and efforts of the residents of the Wood Valley Subdivision in Wake County, North Carolina and those residents of the adjoining Heavenridge subdivision for the promotion and execution of civic, educational and social activities, and more specifically to:

- have maintenance responsibility for the entrance way signs, lighting and irrigation systems.
- ensure the corporations ability, survivability, and financial liquidity.
- provide and encourage social gatherings for members.
- represent the members in matters of community interest as approved by valid motions and voting and that are consistent with the Bylaws and Articles of Association.
- provide and encourage communications throughout the subdivision.
- promote the recreational facilities available to the community.
- solicit and raise funds to continue and enhance its operations, as is consistent with the Bylaws and Articles of Incorporation, to inform and encourage community self-compliance with local laws, regulations, and covenants.

The Association can not propose changes affecting the covenants of any of its members until the year 2012 or more frequently than every ten (10) years thereafter. In addition, with the exception of one (1) year prior to and one (1) year after 2012, and during any subsequent times when actions may be taken to effect covenant changes, the Association can not endorse or authorize expenditures, request Special Appeals for funds, or reserve funds collected via Annual Appeals for the purposes of preparing for or proposing changes of any kind that may effect the covenants of any of its members.

Members are self-declared members per annum by voluntary contribution to the Annual Appeal from the corporation. Membership is restricted to Property Owners as defined in Article II, Section 4 herein.

Article II – Definitions

Section 1. " Annual Appeal"

“Annual Appeal” shall mean the voluntary Annual Appeal due and payable by December 31st of each year for the following years membership. There is only one Annual Appeal made per year. The payment of the Annual Appeal constitutes membership regardless of when paid during the course of the year.

Section 2. " Special Appeal"

"Special Appeal" shall mean any voluntary appeal made by the Association during the course of the year, and made with a statement of the intention for the use of the funds. Payment of a Special Appeal does not constitute membership. Moneys collected from these appeals must be kept separate from other Association moneys and must be used solely for the purposes requested.

Section 3. "Association"

"Association" shall mean and refer to Wood Valley Homeowners Association, Inc., its successors and assigns.

Section 4. "Owner"

"Owner" shall mean and refer to each owner of record , whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Properties"

"Properties" shall mean and refer to that certain real property described and recorded in the following County Book of Maps: 1976-IV-470, 1977-VII-215, 1978-VI-59, 1981-98, 1978-VII-761, 1979-605, 1981-480, 1982-719, 1984-150, 1986-364, 1985-1377, 1987-2051, 1990-624, 1992-995, and any subsequent properties added to the membership in a manner consistent with these Bylaws. In addition “Properties” shall also refer to all of lots 1 through 14 inclusive recorded in the Country Book of Maps 1995, page 1877 (the Heavenridge subdivision).

Section 6. "Lot"

"Lot" shall mean and refer to any improved or unimproved parcel of land shown upon any recorded subdivision map of the Properties, intended for the construction of a detached single family dwelling, excluding any Common Areas as

defined herein.

Section 7. "Corporation"

"Corporation" shall mean Association.

Section 8. "Director"

"Director" shall mean an elected Member to the Board of Directors.

Section 8a. "Officer"

"Officer" shall mean a Director who has been elected to any of the offices as outlined in Article VI of these Bylaws.

Section 9. "Common Areas"

"Common Areas" shall mean all real property (including improvements thereon) and easements maintained by the Association for the common use or enjoyment of the Owners.

Section 10. "Member"

"Member" shall mean and refer to those Owners entitled to membership as provided in the Articles of Incorporation and Bylaws herein, and only those Owners who have contributed to the Annual Appeal by the corporation of a minimum of the Annual Appeal amount requested for that calendar year.

Section 11. "Voting Member"

"Voting Member" shall mean and refer to a single person designated and qualified per the bylaws herein to cast a vote on matters of the corporation. There is a maximum of one (1) Voting Member per developed Lot. In the event of dispute, duplication, or multiple voting from a single developed Lot, the President or any Board Member will disqualify all votes from such lot without effect to future voting rights of the members. At all meetings of the Association where a vote(s) will be taken, a single member from each lot will identify themselves as the Voting Member for all matters at such meeting. Such declaration will be taken as having consent from all members of a Lot without future recourse.

Where more than one (1) person or entity is an Owner of any Lot, then the Association membership voting right appurtenant to such Lot shall be exercised as such Owners among themselves shall determine; provided, however, that no fraction of one vote may be cast by any Member. In the event and so long as such co-owners of a Lot are unable to agree on the manner in which the vote appurtenant to such Lot shall be cast, then such vote shall not be regarded and

shall not be counted. The vote of any Owner who is a corporation, trust or partnership may be cast by any officer, trustee, or partner, as the case may be, and unless objection by any other such officer, trustee or partner of such Owner is noted at the meeting, the President of such meeting shall have no duty to inquire as to the authority of the person casting such vote.

If only one (1) of the multiple Owners of a Lot is present at a meeting of the Association, he/she is entitled to cast the vote allocated to the Lot. If more than one (1) of the multiple Owners is present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one (1) of the multiple Owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Fractional voting is prohibited.

There shall be one (1) person with respect to each Lot who shall be entitled to vote the voting interest of that Lot at any meeting of the Association, herein referred to as the "Voting Member". The Voting Member may be the Owner of a Lot, or an Owner designated by a majority of several Owners of a Lot, or may be some other person designated by such Owner or Owners to act as proxy on his or their behalf and who need not be an Owner. Designation of the voting member or of a proxy shall be made in writing to the Secretary and shall be revocable at any time prior to the meeting by actual notice to the Secretary by the Owner or a majority of the Owners. Once a meeting has been commenced a Lot Owner may not revoke a proxy given except by written notice of revocation delivered to the person presiding over the meeting. A proxy is void if not dated and signed by the Owner or a majority of the owners of a Lot, and a proxy shall terminate at the time specified in the proxy or two (2) years from date, whichever is earlier.

Section 12. "County"

Unless otherwise noted the use of the term County within this document shall refer to Wake County, North Carolina.

Article III – Membership, Meetings and Voting

Section 1. Membership

Membership status is granted to all persons listed on the Title and Deed of a Lot, provided payment of the Annual Appeal has been made for that Lot by any Owner for the calendar year stated. Membership is valid until the due date of any subsequent Annual Appeal. Any Member may have their membership status removed from the Corporation's roster, at the Member's request, without cause, thereby canceling their membership, by requesting so in writing to the Recording Secretary.

There may be multiple Members per developed Lot with only one (1) Member being a Voting Member for all matters of the Association.

In the case of Property listing anything except individuals as the owners (Trustees, Corporations), the Board of Directors will have full power to review and either accept or reject Membership for that Lot. Such decisions may be made without providing reason. At the time of accepting such Membership the Board of Directors will also enter the specific person(s) name(s) in the Associations' roster. Such persons will be entitled to all rights and privileges of any Member.

In the case of a leased Lot, the lessee(s) of said Lot may hold the membership provided the Lot Owner shall have consented thereto in writing. In accordance with the provisions of North Carolina General Statutes §55A-6-01(b), no Person shall be admitted as a Member without said Person's consent. A Member shall be deemed to have given such consent by payment of the Annual Appeal to the Association.

Section 2. Annual Meetings

All regular annual meetings of the members shall be held on the third Tuesday of January each year. Annual Meetings will be held in the evening hours after 6:00 pm Eastern Standard Time. Should this meeting not be held on this date for any reason a substitute meeting must be scheduled to occur within 45 days per the terms specified in Section 7 of this Article.

Section 3. Substitute Annual Meetings

If an Annual Meeting is not held on the day designated in the Bylaws, a substitute Annual Meeting may be called in the same manner as a Special Meeting. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4. Other Meetings of Members

There shall also be held regular meetings of the members during the months of May and September at a place, date and time to be decided by the President. Special meetings of the members may be held at a place, date and time to be decided by the President, or elsewhere by consent of the members, whenever called in writing by the President or any two members of the Board of Directors or by ten percent (10%) of the members entitled to vote on the issue proposed to be considered.

Section 5. Special Meetings

Special Meetings of the members may be called at any time by the President of the Board of Directors, or upon written request by ten percent (10%) of the members who are entitled to vote. The notice of any special meeting shall state the time and place of such meeting and the purpose therefore. No business shall be transacted at a special meeting except as stated in said notice.

Section 6. Place of Meetings

All meetings of the Association shall be held in the County where the Property is located as shall be designated in the notice of the meeting.

Section 7. Notice of Meetings

Written mail or printed notice stating the place, day and hour of the meeting shall be delivered by mail or hand delivered not less than ten (10) nor more than thirty (30) days prior to the date of the meeting by the Board of Directors to each person entitled to vote at such meeting.

In the case of an annual meeting, substitute annual meeting, or special meeting, the notice of meeting shall state the time and place of the meeting as well as the items on the agenda to be considered, including, but not limited to, the general nature of any proposed amendment to the Bylaws, any budget matters, or any proposal to remove an officer or director.

When a meeting is adjourned for thirty (30) day or more, notice of the reconvening 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, it shall not be necessary to give notice of the reconvening of the adjourned meeting other than by an announcement at the meeting at which the adjournment is effective.

Section 8. Quorum

Unless a different percentage is required in the Articles of Incorporation or these Bylaws, the presence in person or by proxy of ten (10) percent of the Voting Members at the beginning of any meeting of members shall constitute a quorum. Unless otherwise expressly provided herein, any action, consistent with the notice of such meeting, may be taken at any meeting of the Association at which a quorum is present upon the affirmative vote of the members having

a majority of the total votes present at such meeting.

If a quorum is not present at the opening of any meeting, the meeting may be adjourned from time to time by vote of a majority of the voting members, either in person or by proxy, and shall be reconvened at the date and time determined at the adjourned meeting, subject to the notice requirements set forth in Section 7 of this Article. Quorum requirements set forth herein shall apply unless a different number is required by the Covenants, by law, or unless specifically modified herein.

Section 9. Proxies

At all meetings of members, each Voting Member entitled to vote 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 or upon written notice of revocation filed with the Recording Secretary, or upon the lapse of two (2) years from the date of execution, unless otherwise provided in the proxy.

Section 10. Voting

All actions subject to membership vote require the presence of a Quorum at minimum.

At every meeting of members each lot shall have the right to cast on each question one vote (reference Article II 'Voting Member'). Fifty-one percent (51%) of the eligible votes entitled to be cast by eligible Members present at the meeting, in person or by proxy, shall carry the question unless the question is one upon which, by express provision of statutes of the Articles of Incorporation, or of these Bylaws, a different vote is required, in which case such express provision shall govern.

The vote of any Member who is shown on the books or records of the Association to have not paid the Annual Appeal prior to any matter put for vote to the Members shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured, nor shall such Member be eligible to be elected to the Board of Directors.

Section 11. Waiver of Notice

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

Section 12. Informal Action by Lot Owners

Any action which may be taken at a meeting of the Association 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 an action at a meeting and filed with the Secretary of the Association to be kept in the Association minute book.

Section 13. Action By Written Consent

Action required or permitted to be taken at a meeting of the members may be taken without a meeting if the written consent of all members entitled to vote on the action takes the action. This action shall be evidenced by one or more written consents describing the action taken, signed before such action by all members entitled to vote thereon, and delivered to the Recording Secretary for inclusion in the minutes of meetings or for filing with the Board of Director's records. If not otherwise determined in accordance with North Carolina General Statutes §55A-7-03 or §55A-7-07, the record date for determining members entitled to take action without a meeting is the date the first member signs the consent abovementioned. A consent signed under this section has the same effect as a meeting vote and may be described as such in any document

Section 14. Action By Written Ballot

Unless otherwise prohibited by these bylaws or the Articles of Incorporation any action that may be taken at any annual, regular or special meeting of the members may be taken without a meeting if the Board of Director's delivers a written ballot to every member entitled to vote on the matter. The written ballot shall set forth the proposed action, shall provide the opportunity to vote for or against each proposed action, and shall indicate the time by which the ballot shall be received by the Board of Directors in order to be counted. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast. A written ballot may be revoked only by written notice delivered to the Recording Secretary prior to its being counted.

Section 15. Organization of Meetings

The President, or, in his/her absence, the Vice President, shall preside over all meetings of members and the Recording Secretary shall act as Secretary at all meetings of the members; provided, however, in the Recording Secretary's absence, the President may appoint a Secretary for the meeting of the members.

Article IV – Board of Directors

Section 1. General Powers

The business shall be managed and directed by the Board of Directors of the Association. The Board of Directors for the Association is granted all rights and powers as outlined in this document. The Board of Directors can elect to vote on any items pursuant to the guidelines specified in this document without a vote from the membership. The following exceptions apply.

- any expense item in excess of fifteen percent (15%) of the annual budget may not be voted on or approved by the Board of Directors on behalf of the Association without a membership vote. An expense in this instance is defined as all of the expenses associated with any given project, proposal, purchase, or otherwise in total. For example, if \$5,500 was the cost for a new sign or proposed project the board is not permitted to approve expenses related to this project in pieces, for example \$1000 for electrical, \$4000 for bricks, etc., but rather must consider the total project cost to determine if a membership vote is required.
- topics that relate to or could affect the land use rights of any of the Members
- approval of new Board of Directors when less than 5 directors are serving
- approval of the Budget
- amendments to the by-laws or Articles of Incorporation documents for the Association. In each of these cases a membership vote is required for approval.

Section 2. Election of Directors

At the Annual Meeting of the Members the members entitled to vote shall elect Directors for a term of two (2) years for each Officer whose term expires, except as otherwise provided in the Bylaws. The President shall serve until the successor has been duly elected.

The election of Directors shall take place at the Annual Meeting of the members each January. Elected Directors will assume their duties immediately upon completion and reporting to all members of voting results of such appointments.

The Board must conduct the balloting process in a manner that permits auditing and provides for accuracy and privacy. Any member may challenge election results without giving cause by delivering the challenge in writing to the Recording Secretary. Such a challenge shall cause an audit of the ballots. The challenging member may participate in the audit in a manner that does not reduce the privacy of the members. If privacy is deemed to be an issue due to the recording of names on the proxy or ballot form then the board shall appoint, at the members approval, a panel of 3 persons to audit the balloting process and/or recount the ballots. The challenge must be made within 2 weeks of the reporting of the initial results. The audit and/or recount must be performed within 30 days of the challenge.

Election to the Board of Directors shall be by written ballot. At the direction of the Board, such election may be conducted by mail. 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 provision of these Bylaws. The persons receiving the largest number of votes shall be elected provided that no fewer than thirty percent (30%) of those eligible to vote have done so. Cumulative voting is not permitted. All election ballots/proxies must be retained for a period of two (2) years after the election.

Section 3. Term

The officers of this Association shall be elected annually by the Board consistent with these Bylaws, and each shall hold office for two (2) years unless that officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Positions on the board will stagger as follows.

- Odd years, starting in 2005
 - New positions to be re-elected:
 - Vice President
 - Recording Secretary
 - Treasurer
 - Member at large, one (1)
 - Prior Vice President becomes President
- Even years
 - New position, Vice President
 - Corresponding Secretary
 - Member at large, one (1)
 - Prior Vice President becomes President

The only exception to the above rules is that in the year 2005 the positions of the Recording Secretary, Corresponding Secretary, Treasurer and Member at large (2) can elect to re-run if they so desire.

Section 4. Number

The affairs of this Association shall be managed by a Board of Directors to be comprised of a minimum of five (5) and a maximum of seven (7) Officers, who must be members of the Association, and shall be effective as of the Annual Meeting of the Association upon which they are elected. Every Board will have at a minimum a President, Treasurer, Vice President and two (2) other elected officials.

The name of the Directors who shall act as such until the 2005 annual meeting of Members of the Association is as was voted on and approved during the January 2004 meeting.

In the event that fewer than five (5) persons remain as Board of Directors, or fewer than five (5) persons volunteer and are voted on to serve, the rights and powers of the Board of Directors for the Association will be limited to only fulfilling the following mandatory duties:

- Tax and filing Obligations required by law
- Maintenance and lighting to the existing Community Signs and Easements thereon common in the Associations Community
- Maintenance and upkeep to existing Common Properties in the Associations Community
- Insurance required by the Association
- Newsletters and Community Communications expenses
- Call meetings

until another meeting of the membership can be held to vote on and approve a minimum of five (5) Board of Directors.

Section 5. Nomination

Nomination for election to the Board of Directors shall be made in writing by the member(s) seeking election to the Board. Nominations may also be made from the floor at the Annual Meeting. The presiding or outgoing President shall announce and present the positions and nominations for the vacancies to be filled no less than fifteen (15) days prior to the January annual meeting. In the event the number of Directors (current + to be filled positions where a nominee exists) presented by the President is less than the maximum of seven (7), any member in attendance by person or proxy may offer Nomination from the floor with such positions being filled to the maximum total Director positions of seven (7), and as consistent with Section 2 of this Article.

The board of Directors must not endorse any particular nominee.

Section 6. Removal

Any elected Director may be removed from office, with or without cause, by the affirmative vote of sixty-seven percent (67%) of the Voting Members present in person or by proxy and entitled to vote at a special meeting called for that purpose at which a quorum is present. If any Directors are so removed or in the event of death or resignation, new Directors may be appointed by the Board to serve until the next annual meeting of Members.

Any Director may resign at any time by giving written notice to the Board, the President or the Recording 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.

Any Director who is no longer a Member is immediately removed from office.

In the event of the removal, resignation, or any cause of vacancy of a Director(s) resulting in less than the minimum amount of five (5) Directors, the appointment of successor Director(s) requires approval by a majority vote of a quorum of the Voting Members consistent with Article III of these Bylaws.

Section 7. Vacancies

A vacancy in the position of President, Recording Secretary, or Treasurer must be filled by appointment by the majority of the board. A vacancy in any other office may be filled by appointment by the majority of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Any appointment(s) made by the Board to restore the Board to the minimum amount of five (5) Directors requires approval by a majority vote of the membership or quorum of the membership consistent with Article III of these Bylaws.

Any vacancies occurring on the Board of Directors by reason of an decrease in the number of directors shall be voted on, approved and filled by the remaining Board of Directors assuming the total number remaining is five (5) or greater. If the number remaining is less than five (5) then a meeting of the membership is required to vote on and approve new directors to fill the vacant positions.

Section 8. Compensation

The Board of Directors shall receive reimbursement for expenses, but shall receive no compensation for their services unless expressly allowed by the Association upon the affirmative vote of its members. In addition all Board of Directors must refrain from activities that may result in a conflict of interest with their duties on the board. This would include, but not necessarily be limited to, the awarding of contracts to members of the Board of Directors.

Section 9. Committees

Except as otherwise provided for herein, the Board of Directors at any time may define the need for any committees of the Board of Directors and the duties thereof, and may select the person(s) to serve thereon. Membership on committees of the Board of Directors must consist of at least one Director and any number of other Members of the Association. All actions of any committee shall be subject to the approval of the Board of Directors unless the Board shall specifically authorize the committee to exercise the Board's authority beforehand.

Section 10. Powers

The Board of Directors shall have the powers necessary for the administration of the affairs of the Association as specified by law or these Bylaws.

Section 11. Duties

The Board of Directors shall have the power, unless specified elsewhere by law or herein, 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 provisions of these Bylaws, or the Articles of Incorporation.

- b) To cause the Common Areas to be maintained, repaired and replaced as necessary.
- c) 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 meetings of the Board of Directors.
- d) Employ supervise and dismiss personnel, independent contractor, attorney or accountant or such other employees and agents as they deem necessary, and to prescribe their duties. No contracts entered into may exceed a period of obligation on either party in excess of three (3) years. Obligations entered into may not exceed one (1) year without inclusion of a termination clause in the written contract stating that the contract can be terminated at written request by the Association with no less than 30 days notice provided.
- e) Designate depositories for Association funds and the officers, agents and/or employees having the authority to deposit and withdraw such funds; and, in its discretion, to require such officers, agents or employees to be bonded in such amounts, as it deems necessary.
- f) Procure and maintain adequate insurance of such nature insurance as the Board may deem necessary or appropriate, including, without limitation hazard insurance, liability insurance and officers and directors liability coverage.
- g) Prepare and publish an annual budget to include amounts set for annual and special appeals to the community.
- h) Sign all contracts or vouchers for payment of expenditures as from time to time shall be determined by written resolution of the Board or the Association in a manner consistent with these bylaws.
- i) To keep a complete record of all its acts and corporate affairs and present a statement thereof to the members a meeting when such statement is requested in writing by ten percent (10%) of the members.
- j) To approve any single expenditure of the Corporation's funds in excess of one hundred dollars (\$100).
- k) To prepare, publish and distribute Newsletters for the Membership at least quarterly.
- l) Assign, publish and ensure guidelines for content of the Associations publications are fair and without political or personal malice, preference or discrimination.
- m) To maintain a complete roster of all Wood Valley and Heavenridge lot owners and their associated membership and payment of Appeals status.
- n) To maintain softcopy backups of all newsletters, financial data and meeting minutes. The backups must be maintained for a minimum of 5 years and must be stored at a physical location separate from the location where the original information is maintained.

The following are listed as the mandatory set of responsibilities for the Board of Directors to execute.

- Tax and filing Obligations required by law.
- Maintenance and lighting to the existing Community Signs and Easements thereon common in the Associations Community.
- Maintenance and upkeep to existing Common Properties in the Associations Community.
- Insurance required by the Association.
- Newsletters and Community Communications expenses. (Includes funds solicitation and promotion of community health and recreation facilities).
- Call meetings.

Section 12. Eligibility

Every elected member of the Board and nominee for open positions must be a Member in good standing.

Section 13. Liability of the Board

The members of the Board of Directors shall not be liable to the Lot Owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The Association 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 any provision of this Association, the Associations Articles of Incorporation, all local, federal and tax laws, or these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent of their liability as Members.

It is also intended that the liability of any Member arising out of any contracts made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportions of the total liability hereunder as his voting interest in the Association bears to the interest of all of the Members. Every agreement made by the Board or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the manager, as the case may be, are acting only as agents for the Association, and shall have no personal liability hereunder (except as Lot Owners), and that each Members liability hereunder shall be limited to such proportion to the total liability hereunder as its voting interest in the Association bears to the voting interest of all Members.

Section 14. Board and Officer Insurance

The Board of Directors shall purchase and keep current Board and Officer insurance, as deemed necessary and approved by the membership, to cover all members of the Board of Directors. The premiums on such bond are an expense of the Association.

Article V – Meeting of Directors

Section 1. Action 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 duly held meeting by obtaining the written (or electronic-mail) consent to the action of all of the Directors. Any action so approved shall be effective when the last consent is signed, unless the consent specifies otherwise. Such consent shall be filed in the Corporation's minute book and shall have the same effect as though taken at a meeting of the Board of Directors and may be described as such in any document.

Section 2. Meetings

Meetings of the Board of Directors shall be held from time-to-time without notice, at such place, date and hour, as may be fixed from time-to-time by resolution of the Board. The President or any other two (2) Directors upon may call special meetings of the Board of Directors not less than five (5) days written (or electronic-mail) notice to each Director.

Section 3. Special Meetings

Any two (2) Directors may call by or at the request of the President or special meetings of the Board. Such meetings may be held at any place within the County in which the Property is located.

Section 4. Notice of Meetings

Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board shall give actual notice, oral, written or electronic-mail, to all Directors of the time, place and purpose of such meeting at least two (2) days prior thereto.

Section 5. Waiver of Notice

Any member of the Board of Directors may give written or electronic-mail waiver of notice at any time of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. If all of the members of the Board are present at any meeting thereof, no notice shall be required and any business may be transacted at such meeting.

Section 6. Quorum

If the Board of Directors consists of six (6) or seven (7) board members a quorum equals four (4) persons. If the Board of Directors consists of only five (5) board members then a quorum equals three (3) persons. A quorum is

required for approval of any items voted on by the Board of Directors and to consider a meeting of the Board of Directors as a valid meeting. Every act or decision done or made by a quorum of the Directors present at a duly held meeting shall be regarded as the act of the Board of Directors.

Section 7. Manner of Acting

Except as otherwise provided in this section, 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. A vote of a majority of the number of Directors fixed by the Bylaws shall be required to adopt a resolution.

Section 8. Organization

Each meeting of the Board of Directors shall be presided over by the President and in the absence of the President, by the Vice President, and in the absence of the Vice President, by any person selected to preside by vote of the majority of the Directors present. The Recording Secretary, or in his/her absence, any person designated by the presiding officer of the meeting shall act as Recording Secretary of the meeting.

Section 9. Minutes

The Board, and all committees to which the Board shall have delegated any of its authority, shall keep minutes of all the proceedings of the Board and the committees. All minutes must be made available for review by Members of the Association.

Article VI – General Duties of the Officers

President

The duties of the President shall include but not be limited to

- preside at all meetings of the Board of Directors.
- see that orders and resolutions of the Board are carried out.
- sign all agreements and contracts.
- co-sign all checks of the Association.
- in even numbered years, update the Articles of Incorporation to reflect the name and address of the incoming Vice President to serve as the Registered Office and Agent on behalf of the Association.
- supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.
- instruct and ensure that all State and Federal filings required by the Corporation are accurate and carried out by the Corporation.
- preside at meetings of the Board and ensure that matters and motions are put to Board vote in a manner consistent with these bylaws.
- establish and maintain all backup records on behalf of the Corporation.

Recording Secretary

The duties of the Recording Secretary shall include but not be limited to

- 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 when such statement is requested in writing by one-twentieth (1/20) of the Members who are entitled to vote.
- prepare any required annual, periodic, or special filings required for the Secretary of State specifically with regard to the Corporation.
- record the votes and keep the minutes of all meetings and proceedings of the Board and of the members.
- serve notice of meetings of the Board and of the members.

Vice President

The duties of the Vice President shall include but not be limited to

- act in the place and stead of the President in the event of his/her absence, inability or refusal to act.
- serve as the primary focal point for responding to inquiries.

Treasurer

The duties of the Treasurer shall include but not be limited to

- keep appropriate current records showing the members of the Association together with their addresses.
- receive and deposit in appropriate bank accounts all monies of the Association.
- disburse such funds as directed by resolution of the Board of Directors.
- sign all checks and promissory notes of the Association.
- ensure all monies collected from any special appeals is kept in separate accounts from the monies collected via the annual appeal; also ensures this money is used solely for the purposes stated at the time the special appeal was made.
- keep proper books of accounts and cause an annual audit of the Association's books to be made by an independent consultant beginning in early 2005 to audit the fiscal year beginning 10/2003 and ending 9/2004.
- prepare an annual budget and a statement of income and expenditures, as well as a balance sheet showing all assets and liabilities of the Association to be presented to the membership at its regular annual meeting; Ensure the running budget and balance sheets are updated monthly and available to any Member.
- fix the amount of the voluntary Appeals for all Lots for each Appeals period and, at that time, prepare a roster of the Lots and Appeals applicable thereto, to include the amounts and dates paid in. The roster is made available to the Recording Secretary with each update.
- send written request of the voluntary Appeal to every Owner subject thereto at least thirty (30) days in advance of each Appeals period, and a single follow-up after thirty (30) days have lapsed.
- prepare and distribute to each member an annual report to include the annual financial statement summarizing operation and actions of the Association and its income, expenditures, liabilities and reserves.
- prepare or cause to be prepared and submitted all required tax filings at the County, State and Federal levels.
- perform such other duties as required by the Board.

Corresponding Secretary

The duties of the Corresponding Secretary shall include but not be limited to

- attend all Board meetings.
- prepare, or cause to be prepared, for the President's signature, all official correspondences of the Corporation.
- ensure all correspondences are properly preserved and filed with the Recording Secretary.
- produce a newsletter or equivalent as directed by the Board on a schedule as noted herein.

Members at Large

The duties of the Members at Large shall include but not be limited to

- arrange, set up, and otherwise coordinate all social activities.
- prepare, or cause to be prepared, the mailing of all correspondences to be mailed to the members.

Article VII – Records & Audits

Books and Records

The Board of Directors shall keep detailed records of actions of the Board, minutes of the meetings of the Board of Directors, minutes of meetings of the Association, and financial records and books of accounts, including a chronological listing of receipts and expenditures, which, among other things, shall contain the amount of all Appeals, the date when requested, and amounts paid thereon. The financial records, minutes of meetings, any and all correspondence of the Association shall be available for examination by any past or present Member or his duly authorized agent or attorney at convenient hours on working days by prior arrangement with the Board. Such requests will be in writing, dated and mailed to the Associations registered address on file with the Secretary of State in the Articles of Incorporation. Such request made to the Board will be honored and fully accommodated without request for cause within two (2) weeks.

Article VIII – Amendment of By-Laws

Amendments

Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted only by a majority affirmative vote of all of the members which are cast in person or by proxy at any meeting of the members called for that purpose at which a quorum is present. No items or actions specified within these bylaws may be amended, altered or repealed by vote under any circumstance except at a duly called meeting to vote on an action to amend, alter, repeal or replace these bylaws in their entirety.

Article IX - Conflicts

Conflicts

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Covenants and these Bylaws, the Covenants shall control.

Article X - Calendar

January: Annual membership meeting. Purpose:

- Vote on and Elect new Board of Directors in expiring positions
 - Review detailed financial status of Association, to include but not limited to the following reports:
 - Income/Expense Report
 - Balance Sheet
 - Progress on voluntary collections in response to the Annual Appeal
 - Status and separate income/expense report and balance sheet for any Special Appeal accounts
 - Graph representing the total ending cash balance for the Association, by quarter, for the past four (4) years
 - Projected cash flow for the fiscal year
 - Review a summary of prior year actions and meetings
 - Review prior year accomplishments
 - Any other topics approved by the Board of Directors or suggested by the membership.
-

May: Membership meeting. Purpose:

- Review detailed financial status of Association, to include but not limited to the following reports:
 - Income/Expense Report
 - Balance Sheet
 - Progress on voluntary collections in response to the Annual Appeal
 - Status and separate income/expense report and balance sheet for any Special Appeal accounts
 - Graph representing the total ending cash balance for the Association, by quarter, for the past four (4) years
 - Projected cash flow for the fiscal year
 - Any other topics approved by the Board of Directors or suggested by the membership.
-

September: Membership meeting. Purpose:

- Approve budget for next fiscal year, includes establishment of new Annual Appeal amount
 - Review detailed financial status of Association, to include but not limited to the following reports:
 - Income/Expense Report
 - Balance Sheet
 - Progress on voluntary collections in response to the Annual Appeal
 - Status and separate income/expense report and balance sheet for any Special Appeal accounts
 - Graph representing the total ending cash balance for the Association, by quarter, for the past four (4) years
 - Projected cash flow for the fiscal year.
 - Official end of previous fiscal year
 - Any other topics approved by the Board of Directors or suggested by the membership.
-

October:

- Begin new financial fiscal year
 - Provide fiscal year-end final report in the October newsletter to the membership to include the completed reports as follows:
 - Income/Expense Report
 - Balance Sheet
 - Progress on voluntary collections in response to the Annual Appeal
 - Status and separate income/expense report and balance sheet for any Special Appeal accounts
 - Graph representing the total ending cash balance for the Association, by quarter, for the past four (4) years
 - Projected cash flow for the fiscal year
 - Call for Annual Appeal and nominations for upcoming Board vacancies.
 -
-

December

- Annual Appeal submissions due by end of the month.

Article XI – Forms of Proxy and Waiver

Section 1. Form of Proxy

The following form shall be deemed sufficient, however, any other form may be used which is sufficient in law.

Wood Valley Homeowners Association, Inc.

Know all men by these presents that I, the undersigned member of Wood Valley Homeowners Association, Inc. (the "Corporation"), hereby constitute and appoint as my attorney and proxy to vote on my behalf at any annual or special meeting of the members of the Corporation at which I am not present until the Secretary of the Corporation receives from me a letter revoking this proxy, and for and on my behalf to vote as I would be entitled to vote if personally present, and I hereby ratify and confirm all that said attorney and proxy shall do in the premises, and I hereby give and grant unto said attorney and proxy full power of substitution and revocation.

Dated: _____

Member Signature: _____

Member Printed Name: _____

Address: _____

Witness Signature: _____

Witness Printed Name: _____

Section 2. Form of Waiver of Notice

The following form shall be deemed sufficient, but any other form may be used which is sufficient in law.

Wood Valley Homeowners Association, Inc.

We the undersigned members of the Board of Directors of Wood Valley Homeowners Association, Inc. (the "Corporation") do hereby severally waive notice of the time, place, and purpose of the (annual or a special) meeting of the Board of Directors of the Corporation and consent that same be held at on the _____ day of _____ in the year _____ at the time _____, and we do further consent to the transaction of any and all business of any nature that may come before the meeting.

Dated: _____

Director Signature: _____

Printed Name: _____

Article XII – Limitations on Payment of Corporate Assets

In accomplishing its purposes and objectives, no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, trustees, officers, directors or any other private persons except that: (i) the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes as set forth herein; and (ii) the Corporation may rebate to its members any excess assessments previously paid. Notwithstanding any other provisions of this article, the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income taxation under §501(c)(7) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of a future United States Internal Revenue Code (the "Code").

In the event of a dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation to such organization(s) under §501(c) of the Code as the Board of Directors shall then determine. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes and to such organization(s) as are set forth above.

Article XIII – Certification

I, the undersigned, do hereby certify that I am the duly elected and acting President of Wood Valley Homeowners Association, Inc., a North Carolina nonprofit corporation and that the foregoing bylaws constitute the revised bylaws of the Corporation, as duly adopted by the Board of Directors and membership at a meeting held on the XXth day of XXXXX, 2004 IN WITNESS WHEREOF, I have hereunto subscribed my name this XXth day of XXXXX, 2004.

Dated: _____

President Signature: _____

Printed Name: _____