

BYLAWS
OF
WATERFORD VILLAS OF RANDOLPH
HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1. GENERAL PROVISIONS

Section 1. **Identities.** These are the By-Laws of Waterford Villas of Randolph Homeowners Association, Inc., a non-profit corporation organized under the laws of the State of North Carolina (the "Association").

Section 2. **Incorporation.** The provisions of these By-Laws supplement and are enacted pursuant to the Articles of Incorporation of the Association and Declaration of Covenants, Conditions and Restrictions for Waterford Villas recorded in Book 2075, Page 1830 (Randolph County Registry (the "Declaration"). The provisions of said Declaration are incorporated herein by reference and are made in part hereof as if fully set forth. Capitalized terms use herein shall have the meanings set forth in the Declaration.

Section 3. **Application.** These By-Laws together with the Articles of Incorporation and Declaration shall govern the affairs, rights, privileges, duties and obligations of the Association, Lot Owners, Declarant, Mortgagees and Lessees. Acceptance of a Deed for or conveyance of property described in the Declaration, whether entering into a lease for or the actual occupancy of, a lot shall constitute acceptance of these By-Laws, Rules and Regulations and provisions of the Declaration.

Section 4. **Principal Office.** The mailing address of the principal office of the Association and the Board of Directors shall be 5318 Mill Stream Road, McLeansville, North Carolina 27301.

ARTICLE 2. MEMBERSHIP

Section 1. **Identification.** Membership in the Association shall be governed by the Declaration, as amended from time to time, based upon expansion in the number of lots owned. Voting rights are assigned in accordance with the Declaration as amended from time to time. Each membership shall be appurtenant to and shall not be severed from the fee-simple ownership of a lot within the development. The rights, duties, obligations, powers and privileges appurtenant to each membership shall be exercised by the fee-simple owner of the lot to which such membership is appurtenant. Membership in the Association shall be transferred only upon the conveyance of a lot except with regard to expansion permitted by the Declaration.

Section 2. **Records.** The Secretary of the Association shall maintain at the principal office of the Association a register of all current owners of memberships, the mailing address of each such owner and of all mortgagees under Deeds of Trust of all lots.

Section 3. Voting Rights. Each membership shall be entitled to vote in all matters of the Association requiring a vote of membership. The owner of each lot is entitled to one vote, as more fully described in the Declaration. If a lot is owned by more than one person, the person entitled to cast the vote for such lot shall be designated by a certificate signed by all record owners. If a membership is owned by a Corporation, the person entitled to cast the vote for that membership shall be designated by a certificate signed by the President of the Corporation. If membership is owned by a Partnership, the certificate designating the voting member shall be signed by all Partners. Each certificate shall be valid until revoked or superseded by subsequent certificate.

Section 4. Annual Meetings. The annual meeting of the members of the Association shall be held on the first Friday in December of each succeeding year unless such date shall occur on a legal holiday in which event, the meeting shall be held on the next succeeding Friday. The purpose of the Annual Meeting shall be for the election of the Directors of the Association for the succeeding year, for the adoption of a budget and for the transaction of any other business properly before the meeting.

Section 5. Special Meetings. Special Meetings of the members of the Association may be called by resolution of the Board of Directors or upon Petition for Special Meeting signed by at least 25% of the owners of memberships in the Association.

Section 6. Quorum. A quorum at all membership meetings shall consist of persons representing and entitled to cast the vote appurtenant to at least 51% of the memberships in the Association. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the membership, except when approval by a greater number is required by the Declaration, By-Laws or the laws of the State of North Carolina.

Section 7. Proxies. The vote appurtenant to each membership may be cast by the person designated as entitled to cast such vote by written proxy filed with the secretary prior to any regular or special meeting.

Section 8. Miscellaneous. Notice of each meeting of the membership of the Association shall be provided at least ten (10) business days prior to such meeting, by fax, e-mail or by first-class mail, unless such notice is waived. The notice shall designate the place of such meeting and the order of business shall be as follows:

1. Roll Call;
2. Proof of Notice of Meeting;
3. Reading of Minutes of preceding Meeting;
4. Reports of Officers and Directors and Committees;
5. Election of Executive Committee, if necessary;
6. Old Business;
7. New Business.

ARTICLE 3. BOARD OF DIRECTORS

The property, affairs and business of the Association shall be managed by the Board of Directors, consisting of four individuals and subject to the terms of the Declaration pertaining to Declarant control.

Section 1. Number, Term of Office and Qualifications. The Board of Directors shall consist of four individuals elected or appointed to serve until the next annual meeting or until his successor has been elected and qualified, or until his death, resignation, disqualification or removal from office. Each Director shall be a lot owner, or an agent, employee, partner or member of a lot owner, except that, during the period of Declarant control, each Director shall be such person as is selected by the Declarant.

Section 2. Election of Directors. Except during the period of Declarant control, Directors shall be elected at the annual meeting of membership. Nominations shall be made from the floor and the election shall be by written ballot unless dispensed with by unanimous consent.

Section 3. Removal of Directors. Any Director may be removed with or without cause by a vote of two-thirds (2/3) of the votes of the membership, provided that, during the period of Declarant control, Directors may be removed by the Declarant, as set forth in the Declaration

Section 4. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined by a majority of the Directors. Notice of the regular meetings shall be given to each Director by mail, e-mail, phone or fax at least five days prior to the day named for such meeting.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called upon five days notice by mail, e-mail, phone or fax called by the President of the Association.

Section 6. Waiver of Notice/Quorum. Any member of the Board of Directors may waive any required notice required by these By-Laws. A Quorum of the Board of Directors shall be a majority of the Directors present at any Regular or Special Meeting. Board Members shall not be compensated for service. The joinder of a Director in the action of a meeting by signing and concurring with Minutes of that meeting shall constitute the presence of such Director at such meeting for purposes of determining a Quorum.

Section 7. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and as expressly granted and limited by the Declaration, these By-Laws or by the North Carolina Nonprofit Corporation Act.

Section 8. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Association or any of its members for any mistake of

judgment, negligence or otherwise except for their own individual, willful misconduct with bad faith. The Association shall indemnify and hold harmless each member of the Board of Directors against all contractual liability relating to the Association. Every agreement made by the Board of Directors on behalf of the Association shall provide that the members of the Board of Directors are acting only as agents for the Association. The Board of Directors is authorized to obtain Directors and Officers liability insurance coverage as reasonably available.

ARTICLE 4. OFFICERS

Section 1. Designation. The principal Officers of the Association shall be the President, Vice President, Secretary and Treasurer all of whom shall be elected by the Board of Directors. A person may hold more than one office, except that the office of both President and Secretary shall not be held by the same person.

Section 2. Election of Officers. Officers shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board of Directors. Upon the affirmative vote of the majority of the Board of Directors, any Officer may be removed, either with or without cause.

Section 3. President. The President shall be the Chief Executive Officer of the Association. He shall preside at the meetings of membership and shall have general powers and duties which are incident to the Office of President organized under the Nonprofit Corporation Act of the State of North Carolina.

Section 4. Vice President. Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act.

Section 5. Secretary. Secretary shall keep the minutes of all meetings of membership and the Board of Directors and shall perform all the duties incident to the office of the Secretary of the Corporation organized under the Nonprofit Corporation Act of the State of North Carolina.

Section 6. Treasurer. Treasurer shall have the responsibility for Association funds and securities and for keeping full and accurate financial records showing receipts and disbursements and shall, in general, perform all the duties incident to the office of the Treasurer of the Corporation organized under the Nonprofit Corporation Act of the State of North Carolina.

Section 7. Compensation and Execution of Instruments. No Officer shall receive compensation from the Association. All instruments shall be executed in the name of the Association by the President or Vice President and attested by the Secretary of the Association. Checks of the Association are to be executed by such person or persons as may be designated by the Board of Directors.

ARTICLE 5. OPERATION OF THE ASSOCIATION

Section 1. Rule Making. The Board of Directors shall promulgate and establish pursuant to the By-Laws and Declaration reasonable Rules and Regulations governing the use of the Common Area and improvements located thereon, pursuant to the Declaration. ,

Section 2. Proceedings. (H)en the Board of Directors formulates proposals for Rules and Regulations, or amendments or modifications thereto, such proposals shall be considered by the membership of the Association for adoption at the annual meeting of membership or at a special meeting. In order to be adopted as Rules and Regulations, amendments or modifications thereof, of the Association, such proposed Rules and Regulations must receive assent or approval from 51% of the votes of the entire membership of the Association present in person or by proxy at such meeting.

Section 3. Recording. A copy of all Rules and Regulations, or amendments, additions, modifications or repeal of Rules and Regulations of the Association shall be distributed to membership on a regular basis.

Section 4. Insurance. The Board of Directors shall be authorized to obtain and maintain to the extent possible, the following insurance: *

1. Fire insurance with extended coverage, vandalism and malicious mischief with endorsements insuring all improvements in the Common Areas.
2. Public Liability Insurance in such limits as the Board of Directors determines necessary and adequate and (for) Directors and Officers liability insurance as the Board of Directors determines necessary, and as reasonably available.
3. Such other insurance coverage as the Board of Directors determines is reasonable and prudent.

Premiums for all such insurance shall be an annual expense of the Association and shall constitute a portion of the annual assessment levied upon each member. All loss adjustment must be with the Board of Directors and proceeds shall be payable to the Board of Directors.

Section 5. Maintenance. The Board of Directors shall provide for the upkeep, care, preservation, protection and maintenance of the Common Areas as well as the grounds and exterior surfaces of each Lot, as provided in the Declaration. A portion of each annual assessment may be allocated to reserves for preservation, repair and reconstruction of improvements.

Section 6. Right of Access. The Association, through its duly authorized Agents or Employees shall have the right, after reasonable notice to enter upon any Lot for the purpose solely of performing maintenance, repair and upkeep.

Section 7. Owners Repairs. Each Lot owner shall keep his Lot properly maintained and in good repair at said owner's sole cost and expense. Any maintenance, repair, replacement, > *

etc. in any of the common areas or improvements thereon caused by the negligence, misuse, neglect or willful act of any Owner or Owners Agent, Employee, Tenant or Invitee, shall be performed by the Association at the sole cost and expense of said Owner.

Section 8. Annual Assessments. After approval of proposed budget of the Association, the Board of Directors shall assess each lot owner for its prorated share of projected annual costs of the Association pursuant to the Declaration, as amended from time to time. The Secretary of the Association shall provide each member with a statement of the annual assessment which shall be payable in twelve equal installments, billed monthly. Assessments may be enforced in the form of a lien, or as otherwise permitted by North Carolina law, as is more fully described in the Declaration.

ARTICLE 6. DECLARANT CONTROL

The period of Declarant control shall be as set forth in the Declaration. Upon termination of Declarant control a special meeting of the Association membership shall be called by the President of the Association for the purpose of acceptance of the resignations of Directors and Officers of the Association and for the election of a new board of Directors. Until termination of Declarant control, no action taken by any or all of the members of the Association shall hinder or control any action taken by the Declarant in developing the property, selling the units, or governing and managing the Association. Rules and Regulations established by Declarant shall remain in full force and effect until they are rescinded, modified or superseded.

ARTICLE 7. PARLIAMENTARY ISSUES

Roberts Rules of Orders (latest edition) shall govern the conduct of all Association meetings not in conflict with the Articles of Incorporation, the Declaration and these By-Laws.

ARTICLE 8. AMENDMENTS

These By-Laws may be amended as permitted in the Declaration.

ARTICLE 9. MISCELLANEOUS

Section 1. Waiver of Notice. Whenever any notice which is required to be given to any Member, Director or Officer of the Association by the provisions of the North Carolina Non Profit Corporation Act, the provisions of the Articles of Incorporation, the Declaration of Condominium or these By-Laws is waived in writing, signed by the person or entities entitled to such notice, whether before or after the time stated therein, such shall be equivalent to giving of such notice.

Section 2. Invalidity. The invalidation of any provision of these By-Laws by any Court, Agency or legislative body shall in no way effect the validity of the other provisions of these By-Laws and the same shall remain in full force and effect.

Section 3. Captions. The captions herein used are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws.

Section 4. Fiscal Year. The fiscal year of the Association shall be the calendar year.

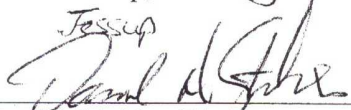
Section 5. Seal. The seal of the Association shall be in such form as shall be approved from time to time by the Board of Directors of the Association.

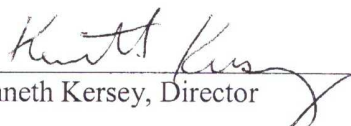
The foregoing instrument is hereby approved, accepted and adopted by the Association as the Bylaws of Waterford Villas of Randolph Homeowners Association, Inc.

WATERFORD VILLAS OF RANDOLPH
HOMEOWNERS ASSOCIATION, INC.

By: 
Harold Koger, Director

By: 
Kevin Jessop, Director

By: 
Daniel Stickler, Director

By: 
Kenneth Kersey, Director

CONSENT OF DIRECTORS OF
WATERFORD VILLAS OF RANDOLPH
HOMEOWNERS ASSOCIATION, INC.
TO ACTION WITHOUT MEETING

The undersigned, being all of the current directors of Waterford Villas of Randolph Homeowners Association, Inc. (the "Association"), do hereby adopt the following resolutions relative to perfecting the organization of the Association by signing their written consent hereto.

Preliminary Statement

Pursuant to the Declaration of Covenants, Conditions and Restrictions for Waterford Villas, recorded in Book 2075, Page 1830, Randolph County Registry, Article III, Section 2, the Declarant has the right to select the members of the Executive Board of the Association during the period of Declarant Control. The current Declarant of the Association is Waterford RE, LLC, a North Carolina limited liability company, having acquired such Declarant rights by assignment from CommunityOne Bank, N.A., by instrument recorded in Book 2249, Page 833, Randolph County Registry, which rights were acquired by CommunityOne Bank, N.A. by assignment from the original Declarant, Waterford Meadows Development Co., LLC, in the instrument recorded in Book 2242, Page 1175, Randolph County Registry. Waterford RE, LLC, the current Declarant, has elected to replace the initial members of the Board of Directors of the Association with the persons who have executed this Consent of Directors, effective as of the date hereof, and Waterford RE, LLC executes this Consent of Directors solely for the purpose of confirming that the undersigned persons are acting as the Board of Directors for the Association, and to establish the initial structure of the Association.

Adoption of Seal

RESOLVED, that the design for the proposed seal of the Association which is affixed hereto is hereby approved and adopted as the seal of the corporation.

Adoption of Bylaws

RESOLVED, that the bylaws which have been inserted in the minute book immediately preceding this consent be, and they are hereby, adopted as the bylaws of the Association.

Adoption of Accounting Year

RESOLVED, that the Association shall operate on a calendar year.

Election of Officers

RESOLVED, that the following persons be, and they are hereby, elected as officers of the

Appointment of Registered Agent

RESOLVED, that Harold Koger is hereby appointed to serve as the registered agent of the Association, and the appropriate officers and directors of the corporation are empowered and directed to execute and cause to be filed with the Secretary of State of North Carolina a designation of the new registered agent.


Commencement of Business

RESOLVED, that this Association does now begin active business to perform the objects set forth in the articles of incorporation and the Board of Directors and officers of the Association shall be, and they are hereby, authorized, empowered and directed to take the necessary steps and to do the necessary and appropriate things for the accomplishment of these purposes.

This action shall be effective the 3rd day of October, 2011.



Harold Koger, Director (SEAL)



Kevin Jessup, Director (SEAL)



Daniel Stickler, Director (SEAL)



Kenneth Kersey, Director (SEAL)