

BYLAWS OF
HADLEY PARK HOMEOWNERS ASSOCIATION, INC.

ARTICLE ONE
OFFICES

The principal offices of the corporation shall be located at 1509 Haywood Road, Suite C, Hendersonville NC 28791. The Corporation may have such other offices, either within or without the State of North Carolina, as the Board may determine from time to time.

ARTICLE TWO
DEFINITIONS

All capitalized terms when used in these Bylaws, or any amendment hereto (unless the context shall otherwise require or unless otherwise specified herein or therein) shall have the meanings set forth in Article I - "Definitions" of the Declaration of Covenants, Conditions and Restrictions for Hadley Park entered into by Windsor/Aughtry Company, Inc. and dated June 21, 2005, duly recorded on June 22, 2005 in Book 4056 at Pages 716 - 740 of the Office of the Register of Deeds for Buncombe County, North Carolina (hereinafter referred to as the "Declaration").

ARTICLE THREE
HADLEY PARK HOMEOWNERS ASSOCIATION MEMBERS

Section 1. **Association Members.** As long as Declarant owns any part of the Property, the Declarant shall be an Association Member. Every Person or other legal entity owning a Lot within the development known as Hadley Park as described in the Declaration, shall automatically become members of the Association by virtue of purchasing a Lot within Hadley Park. Such memberships shall hereafter run with the land as an appurtenance thereto and shall not be severable from the ownership interest therein.

Section 2. **Transfer of Membership.** Membership in this Association is not transferable or assignable except in conjunction with the transfer of an interest in the real property to which such membership is appurtenant.

ARTICLE FOUR
MEETINGS OF MEMBERS

Section 1. **Annual Meeting.** An annual meeting of the Association Members for the purpose of electing directors and for the transaction of such other business as may come before the meeting shall be held in the month of September in each year, on any day in that month as determined by the Board. If the election of directors is not held on the day designated herein for

any annual meeting, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Association Members as soon thereafter as is convenient.

Provided, however, if there shall be no business to come before the annual meeting except for the election of Directors and if the Directors are to be appointed by the Declarant, then in such event, and unless otherwise required by law, the Declarant may elect to appoint the Directors and notify the members of the appointment of the Directors in lieu of calling for and conducting an annual meeting.

Section 2. Special Meetings. Special meetings of the Association Members may be called by the President, a majority of the Board members, or not less than ten (10%) percent of the Association Members having voting rights, at the principal office of the Association or at such other place as the Secretary may designate. If no designation is made, the place of the meeting shall be the principal office of the Association in the State of North Carolina, but if all of the Association Members shall meet at any time and place, either within or without the State of North Carolina, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 3. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Association Members shall be delivered either personally or by mail to each Association Member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States Mail addressed to the Association Member at his or her address as it appears on the records of the Association, with postage thereon paid.

Section 4. Classes of Voting Association Members. The Association shall have two classes of voting Members:

(a) **Class A.** Class A Members shall be all those Owners with the exception of the Declarant, and the Declarant may become a Class A Member after the Turnover Date as defined below. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the required ownership interest. When more than one person or entity holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot and no fractional vote may be cast with respect to any Lot.

(b) **Class B.** The Class B Member shall be the Declarant. The Class B Member shall be entitled to ten (10) votes for each Lot in which it holds the required ownership interest. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

(1) The date on which the Declarant no longer owns any part of the Property;

(2) The date Declarant shall elect, in its sole discretion, that its Class B membership cease and be converted to Class A membership (which election may be made, if at all, upon Declarant giving written notice of the election to the Association Board); or

(3) December 31, 2009.

The earliest to occur of 1, 2, or 3 above shall herein be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A Member.

(c) Notwithstanding the above, the provisions contained in Article VI of the Declaration or otherwise providing for the appointment of the Board by the Declarant or any other right reserved to the Declarant shall control.

Section 5. Action by Association Members. Except as provided otherwise in the Articles, the Declaration or these Bylaws, any act or decision approved by a vote of no less than a majority of all votes present or represented by a legitimate proxy at a duly held meeting of the Association Members at which a quorum is present shall be regarded as the act of the Association Members. Notwithstanding the above, the affirmative vote of no less than two-thirds ($\frac{2}{3}$) of all votes entitled to be cast by the Association Members shall be required in order for the Association to (1) file a complaint on account of an act or omission of Declarant, with any governmental agency which has regulatory or judicial authority over the Property or any part thereof; or (2) assert a claim against or sue Declarant.

Section 6. Informal Action by Association Members. Any action required by law to be taken at a meeting of the Association Members, or any action that may be taken at a meeting of the Association Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Association Members entitled to vote with respect to the subject matter thereof and filed with the Secretary of the Association to be kept in the Association minute book.

Section 7. Quorum. Except as provided in the Declaration, Articles or these Bylaws, Association Members holding ten percent (10%) of the votes that may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the Association Members, a majority of the Association Members present may adjourn the meeting from time to time without further notice.

Section 8. Proxies. At any meeting of Association Members, a Association Member entitled to vote may vote by proxy executed in writing by the member or by his or her duly authorized attorney in fact. No proxy shall be valid after six (6) months from the date of its execution, unless otherwise provided in the proxy.

Section 9. **Voting by Mail.** Where directors or officers are to be elected by Association Members, such election may be conducted by mail in such manner as the Board shall determine.

Section 10. **Waiver of Notice.** Any Association Member may, at any time, waive notice of any meeting of the Association Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Association Member at any meeting of the Association Members shall constitute a waiver of notice by him or her of the time and place thereof except where a Association Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Association Members are present at any meeting of the Association Members, no notice shall be required and any business may be transacted at such meeting.

Section 11. **Order of Business.** The order of business at all annual meetings shall be as follows:

- A. Roll Call;
- B. Proof of Notice of Meeting;
- C. Adoption of Minutes of Previous Meeting;
- D. Reports of Officers;
- E. Reports of Committees;
- F. Appointment of Inspectors of Election;
- G. Election of Directors;
- H. Unfinished Business;
- I. Capital Expenditures Budget;
- J. General Operations Budget;
- K. New Business; and
- L. Adjournment.

The order of business of all special meetings shall be determined by the Secretary of the Association. Except as may be otherwise provided herein, the parliamentary conduct of all meetings of the Association Members shall be governed by the latest edition of Robert's Rules of Order.

ARTICLE FIVE BOARD

Section 1. **Number, Tenure and Qualifications.** As long as the Declarant owns any Lot or other portion of the Property, the Declarant shall appoint three (3) directors. After the Declarant no longer owns any Lot or other portion of the Property or no longer desires to appoint the directors, the number of directors shall be five (5); directors shall be elected at the annual meeting of Association Members; and the term of office of each director shall be until the next annual meeting of Association Members and the election and qualification of his or her successors. Elected Directors need not be residents of the State of North Carolina, but each

elected director shall be the owner of a Lot in Hadley Park or an officer or partner of a legal entity which is the owner of a Lot in Hadley Park.

Section 2. Initial Directors. The initial directors shall be appointed by the Declarant. Such initial directors shall serve from the date upon which the Declaration is recorded in the Office of the Register of Deeds for Buncombe County, North Carolina, until such time as their successors are duly appointed or elected and qualified.

Section 3. Nomination. Nominations for the first election of directors on the Board shall be made from the floor at a meeting of the Association Members. After the first election of directors, nominations for election to the Board 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 Association Member or a member of the Board, and two (2) or more Association Members. The Nominating Committee shall be appointed by the Board prior to the annual meeting following the first election of directors and each annual meeting of the Association Members thereafter, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. Election. Except as otherwise provided in this Article, directors shall be elected at the annual meeting of the Association Members and said election shall be by written ballot. At such election, the Association 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 Articles, these Bylaws and the Declaration. Cumulative voting is not permitted.

Section 5. Term of Office. Each director shall hold office for the term for which he or she was appointed or elected, or until his or her death, resignation, retirement, removal, disqualification or until his or her successor is appointed or elected and qualified. At the first election of directors, the Association Members shall elect one (1) member of the Board for a term of three (3) years, who shall be the person receiving the largest number of votes, two (2) members of the Board for a term of two (2) years, who shall be the people receiving the second and third largest number of votes, and the two (2) members of the Board for a term of one (1) year, who shall be the people receiving the fourth and fifth largest number of votes. At all annual elections thereafter, director(s) shall be elected by the Association Members to succeed the director(s) whose term(s) then expire(s), and thereafter each director's term shall be three (3) years. Nothing herein contained shall be construed to prevent the election of a director to succeed himself or herself. Votes shall be tallied at the meeting where they are so cast and, in the event of a tie vote, a run-off election shall be conducted at the same meeting.

Section 6. Removal and Vacancies. Any duly elected director may be removed from the Board, with or without cause, by a majority vote of the Association Members. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

The Association Members may elect a director at any time to fill any vacancy not filled by the directors or, if applicable, not appointed by the Declarant.

Section 7. Committees.

(a) **Committees of Directors.** The Board, by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed on it, him, or her by law.

(b) **Other Committees.** Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the directors present at a meeting which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the Association, and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

Section 8. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at any regular or special meeting of the Board. Nothing herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

**ARTICLE SIX
MEETINGS OF DIRECTORS**

Section 1. Regular Meetings. A regular meeting of the Board shall be held without any other notice than this Bylaw immediately after, and at the same place, as the annual meeting of Association Members. The Board may provide, by resolution, the time and place for holding additional regular meetings without other notice than such resolution. Additional regular meetings shall be held at the principal office of the Association in the absence of any designation in the resolution.

Section 2. Special Meetings. Special meetings of the Board may be called by or at the request of the President or any two (2) directors, and shall be held at the principal office of the Association or at such other place as the directors may determine.

Section 3. Notice. Notice of any special meeting of the Board shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or facsimile transmission to each director at his or her address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by

facsimile transmission, such notice shall be deemed to be delivered when the facsimile transmission is sent. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice of waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 4. **Quorum.** A majority of the Board shall constitute a quorum of the transaction of business at any meeting of the Board; but if less than a majority of the directors is present at any meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. **Board Decisions.** The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board unless the act of a greater number is required by law or by these Bylaws.

Section 6. **Informal Action by Directors.** Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE SEVEN POWERS AND DUTIES OF THE BOARD

Section 1. **Duties of the Board.** The Board, for the mutual benefit of the Association Members and the Owners, shall have the following specific duties (without limitation of other powers and rights such Board may have):

- a. To maintain or cause to be maintained all of lawns (not within the interior of a perimeter fence) of the Lots in Hadley Park including, but not limited to, mowing, fertilizing, the lawn of each Lot in Hadley Park.
- b. To maintain or cause to be maintained the Hadley Park Common Areas including, but not limited to, planting, mowing, pruning, fertilizing, preservation, and replacement of the landscaping and the upkeep and maintenance of greenways, trails, pathways, foot bridges, walks, signage, lighting, irrigation, and other improvements in the Hadley Park Common Areas;
- c. Until accepted for maintenance by a governmental unit to own and maintain or cause to be maintained the Roadways, storm drainage systems and any swales, buffers and medians of the Roadways;
- d. To make available to each Association Member within sixty (60) days after the end of each year an annual report of Hadley Park Homeowners Association and, upon

resolution adopted by the Board or upon the written request of Hadley Park Homeowners Association Members holding at least three-fourths (¾) of the eligible votes of Hadley Park Homeowners Association at such time, to have such report audited (at the expense of Hadley Park Homeowners Association) by an independent certified public accountant, which audited report shall be made available to each Association Member within thirty (30) days after completion;

- c. To cause to be kept a complete record of all its acts and corporate affairs;
- f. To supervise all officers, agents and employees of Hadley Park Homeowners Association, and to see that their duties are properly performed;
- g. As more fully provided in the Declaration:
 - (1) To fix the amount of the Annual Assessments, Special Assessments, and Special Individual Assessments;
 - (2) To send written notice of the Annual Assessments and Special Assessments to each owner, and Special Individual Assessments to affected Owners;
- h. To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. (A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.);
- i. To procure and maintain adequate liability insurance covering Hadley Park Homeowners Association and the directors and officers thereof and adequate hazard insurance on the property owned by Hadley Park Homeowners Association; and
- j. Subject to Declarant's right to appoint the architectural review and control committee ("Committee"), to appoint the Committee, all as more particularly provided in Article VIII of the Declaration.

Section 2. Powers of the Board. The Board, for the mutual benefit of Hadley Park Homeowners Association Members and the Owners, shall have the following specific powers and rights (without limitation of other powers and rights such Board may have):

- a. To enter into agreements with the appropriate governmental authorities to enable Hadley Park Homeowners Association to improve and maintain all Lots in Hadley Park and the Hadley Park Common Areas or portions thereof;
- b. To make reasonable rules and regulations for the use and operation of Hadley Park Common Areas and to amend them from time to time;

- c. To enter into agreements or contracts with insurance companies with respect to insurance coverage relating to Hadley Park Common Areas and/or Hadley Park Homeowners Association;
- d. To enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to Hadley Park Common Areas and/or Hadley Park Homeowners Association;
- e. Subject to the affirmative vote of no less than eighty percent (80%) of all votes entitled to be cast by Association Members, which vote is taken at a duly held meeting of Hadley Park Homeowners Association Members at which quorum is present, all in accordance with these Bylaws, to borrow funds to pay costs of operation of Hadley Park Homeowners Association, which borrowings may be secured by assignment or pledge of rights against delinquent Owners or by liens on other Association assets, if Hadley Park Homeowners Association Members see fit; provided, however, that until such time as Declarant no longer owns any portion of the Property, the Board may not mortgage any portion of Hadley Park Common Area without the prior written approval of Declarant;
- f. To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of Hadley Park Homeowners Association;
- g. Subject to the provisions of Article V, Section 3 of the Declaration to sue or defend in any court of law in behalf of Hadley Park Homeowners Association;
- h. To levy assessments in accordance with the provisions of Article VII of the Declaration;
- i. To adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property of Hadley Park Homeowners Association and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency;
- j. To exercise for Hadley Park Homeowners Association all powers, duties and authority vested in or delegated by the Declaration, these Bylaws, or the Articles to Hadley Park Homeowners Association and not reserved to the Association Members, the Association, or Declarant by other provisions of the Declaration, these Bylaws, or the Articles;
- k. To declare the office of a member of the Board to be vacant in the event such member shall be absent, without the consent of the Board, from three (3) consecutive regular meetings of the Board;
- l. To employ a manager or firm to manage the affairs and property of Hadley Park Homeowners Association, to employ independent contractors or such other employees as

the Board may deem necessary, and to prescribe their duties and to set their compensation;

m. To retain the services of legal and accounting firms;

n. As more fully provided in the Declaration, to foreclose the lien against any property for which Assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

o. To cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate;

p. To the extent permitted hereby, to enforce the provisions of the Declaration and any rules made thereunder and to enjoin and/or, at its discretion, seek damages or other relief for violation of such provisions or rules and/or by Special Individual Assessments against any Owner for violation of such provisions or rules pursuant to the provisions of Article VII and Article IX of the Declaration;

q. To contract with any third party or any Association Member (including, without limitation, Declarant) for performance, on behalf of Hadley Park Homeowners Association, of services which the Association is otherwise required to perform pursuant to the terms hereof, upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interests of Hadley Park Homeowners Association;

r. To employ or retain the services of professional architects or other Persons to serve on or advise the architectural review Committee;

s. To grant all necessary easements and rights-of-way over and across Hadley Park Common Areas when in its sole discretion it deems such an action to be necessary and appropriate, including but not limited to easements for the installation and maintenance of electrical, telephone, cablevision, water, sewerage and other utilities and drainage facilities and any easement where consistent with the general use of such areas. Provided, however, that until such time as Declarant no longer owns any portion of the Property, the Board may not grant such an easement or right-of-way without the prior written approval of Declarant;

t. Subject to the affirmative vote of no less than eighty percent (80%) of all votes entitled to be cast by Association Members, which vote is taken at a duly held meeting of Hadley Park Homeowners Association Members at which quorum is present, all in accordance with these Bylaws, to convey fee simple title to all or any part of Hadley Park Common Area when in its sole discretion it deems such an action to be necessary and appropriate; provided, however, that until such time as Declarant no longer owns any portion of the Property, the Board may not convey any portion of Hadley Park Common Area without the prior written approval of Declarant;

- u. To contract with any third party, including any other property owners association, for the sharing of costs of maintaining the Hadley Park Common Areas; and
- v. To take any and all other actions and to enter into any and all other agreements as may be necessary or proper for the fulfillment of its obligations hereunder or for the operational protection of the Association.

Notwithstanding anything contained herein to the contrary, none of the above-described rights and powers of the Board shall be obligatory on the part of the Board, and the failure or refusal by the Board to implement any such rights and powers shall not constitute a breach or default by the Board of any duties or obligations arising hereunder or otherwise owing to the Association Members.

ARTICLE EIGHT OFFICERS

Section 1. **Officers.** The officers of the Association shall be a President, one or more Vice-Presidents (the number therefore to be determined by the Board), a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. **Election and Term of Office.** The officers of the Association shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board. Each officer shall hold office until his or her successor has been duly elected and qualified.

Section 3. **Resignation and Removal.** Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. 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.

Section 4. **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board for the unexpired portion of the term.

Section 5. **Duties.** The duties of the officers, unless otherwise stated by a resolution of the Board, are as follows:

(a) **President.** The President shall be the principal executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; and shall sign all leases, mortgages, deeds, promissory notes and other written instruments and may co-sign all checks.

(b) **Vice President.** The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Association Members, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board and of the Association Members, shall keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse funds as directed by resolution of the Board, shall sign all checks and promissory notes of the Association, shall keep proper books of account, shall cause an annual report of the Association books to be made as provided in Article Seven, Section 1, Paragraph c of these Bylaws, 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 Association Members.

ARTICLE NINE CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Section 1. **Contracts.** The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or may be confined to specific instances.

Section 2. **Checks, Drafts, or Orders.** All checks, drafts, or orders for the payment of money, notes, or other evidences or indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice-President of the Association.

Section 3. **Deposits.** All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

Section 4. **Gifts.** The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for any purpose of the Association.

ARTICLE TEN BOOKS AND RECORDS

The Association shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board, and committees having and exercising any of the authority of the Board, and shall keep at the principal office a record giving the names and addresses of the Association Members entitled to vote. All books and records of the Association may be inspected by any Association Member, or his or her agent or attorney for any proper purpose at any reasonable time.

ARTICLE ELEVEN FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January in each year and end at midnight on the thirty-first day of December of each year.

ARTICLE TWELVE DUES AND ASSESSMENTS

As more fully provided in the Declaration, each Association Member is obligated to pay to the Association, Annual Assessments, Special Assessments, and Special Individual Assessments, as set forth in the Declaration, which are secured by a continuing lien upon each Lot in the Property. Any assessments which are not paid when due shall be delinquent. If an Assessment is not paid by its due date, as set forth in the Declaration, the assessment shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less, plus such late charge as may be established by the Board, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the portions of the Property and improvements thereon owned by the defaulting Owner as of the Assessment due date, the late charges, costs of collection and reasonable attorneys' fees related to any such action or foreclosure shall be added to the amount of such assessment, all in accordance with the provisions of the Declaration. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his or her property.

ARTICLE THIRTEEN WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of Chapter 55A of the General Statutes of North Carolina, or under the provisions of the Articles of Incorporation or these Bylaws of the Association, a waiver thereof in writing signed by the person or persons

entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

ARTICLE FOURTEEN AMENDMENT OF BYLAWS

Except as otherwise provided herein, these Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board. The Board shall have no power to adopt a Bylaw: (1) prescribing quorum or voting requirements for action by Association Members or directors different from those prescribed by law; or (2) increasing or decreasing the number of directors. No Bylaws adopted or amended by the Association Members shall be amended or repealed by the Board, except to the extent that such Bylaw expressly authorizes its amendment or repeal by the Board.

Provided, that any amendment or modification to the Articles and these Bylaws must be consented to by Declarant so long as Declarant is the Owner of any Lot or other portion of the Property, which consent Declarant, may grant or withhold in its sole discretion. In addition, Declarant, without obtaining the approval of any Association Member or any Owner or Owners other than Declarant may make amendments or modifications to the Articles and these Bylaws which are correctional in nature only and do not involve a change which materially affects the rights, duties or obligations specified herein. Any amendment or modification effected pursuant to this Article Fourteen shall become effective with respect to these Bylaws when an instrument is filed for record in the Office of the Register of Deeds for Buncombe County, North Carolina, which amendment or modification, in lieu of being executed by the Association Members voting for such amendment or modification, may contain a certification of the Secretary of the Association stating that the amendment or modification has been voted on and approved by the requisite number of votes of the Association Members, as provided in this Article Fourteen and when, with respect to the Articles, any amendment or modification is filed for record in the Office of the Secretary of State. In addition to the foregoing rights, Declarant may, at Declarant's option, amend and modify the Articles and these Bylaws, without obtaining the consent or approval of any other person or entity if such amendment or modification is necessary to cause the Articles and these Bylaws to comply with the requirements of FHA, VA, the Federal National Mortgage Association or other similar agency.

ARTICLE FIFTEEN ARBITRATION OF DISPUTES

In the event any dispute or controversy shall arise between the Association and any Association Member(s) which cannot be resolved between the parties, such matter shall be submitted for a final resolution to an arbitrator appointed by and acting under the rules and procedures of the American Arbitration Association. The award of such arbitrator shall be conclusive and binding upon the parties thereto and judgment thereon may be issued by any court

of competent jurisdiction. In addition to the award of settlement, the arbitrator may assess any one or more of the parties to the controversy with cost of the arbitration proceeding.

ARTICLE SIXTEEN SEAL

The corporate seal shall be the same as that impressed in the right margin of this Article Sixteen.



ARTICLE SEVENTEEN LIABILITY LIMITS; INDEMNIFICATION OF DIRECTORS; OFFICERS AND OTHERS

Neither Declarant, nor any Association Member, nor the Board, nor the Association, nor any officers, directors, members, managers, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Association Member, whether or not such other Association Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, members, managers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. The Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof.

The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost, expense, damage, liability, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him or her in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he or she is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to be liable for willful misconduct in the performance of a duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, Bylaw, agreement, vote of Association Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

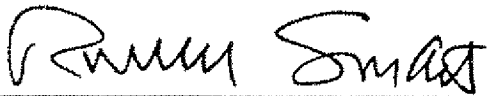
The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article Seventeen or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

SECRETARY'S CERTIFICATE

This is to certify that the foregoing Bylaws of Hadley Park Homeowners Association, Inc. have been duly adopted by the Board of said Corporation on the 30th day of June, 2005.

IN WITNESS WHEREOF, the undersigned, duly and acting Secretary of the Corporation, has signed this Certificate and affixed the seal of the Corporation hereon dated the 30th day of June, 2005.



Secretary

