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**GATES FOUR TOWNHOUSE ASSOCIATION, INC.
P.O. BOX 48145
CUMBERLAND, NC 28331**

**BY-LAWS
OF
GATES FOUR TOWNHOUSE ASSOCIATION**

ARTICLE I

The name of the corporation is Gates Four townhouse Association, Inc., hereafter referred to as the "Association." The principal of the corporation shall be located in Cumberland County, North Carolina, meetings of members and directors may be held at such places within the State of North Carolina, County of Cumberland, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Association" shall mean and refer to Gates Four Townhouse Association, Inc. its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common. Area" shall mean all property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to I. G. C. Inc. its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Cumberland County, North Carolina.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

**ARTICLE III
MEETING OF THE MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year of the date of the incorporation of the Association. The Board of Directors will schedule each

subsequent annual meetings in the same month of each year thereafter, a notice of the meetings shall be sent to each member in accordance with Section 3.

Section 2 Special Meetings Special Meetings of the members maybe called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth 1/4th of all the votes of the Class A or B memberships.

Section3. Notice of Meetings. Written notices of each meeting of the members shall be given by, or at the direction of the secretary or the persons authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast or of the proxies entitled to cast, one-tenth of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or the By-Laws. If, however, such quorum shall not be present or presented at any meeting the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall be automatically cease upon conveyance by the member of his lot.

ARTICLE IV BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. A Board of nine (9) Directors, who need not be members of the Association, shall manage the affairs of this Association.

Section 2. Term of Office. At the first annual meeting the members shall elect three directors for the term of one year, three directors for a term of two years and three directors for a term of three years: and at each annual meeting thereafter the members shall elect three directors for a term of three years.

Section 3; Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be elected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action taken without a meeting. The directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the directors. Any action taken so approved shall have the effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for the election of the Board of Directors shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting. The

Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, 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 annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, nominations may be made from members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWER AND DUTIES OF THE BOARD OF DIRECTORS

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

(a). Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guest thereon, and to establish penalties for infraction thereof:

(b) Suspend the voting rights and rights to use the recreational facilities of a member during any period in which such member shall be in default in payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for the infraction of published rules and regulations:

(c). 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 By-Laws, the Articles of Incorporation, or the Declaration:

(d) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties..

Section 2. Duties. It shall be the duties of the Board of Directors to:

(a). Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when

such statement is requested to writing by one-fourth (1/4) of Class A members who are entitled to vote:

(b). Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c). As more fully provided in the Declaration, to:

(1). Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period.

(2). Send each owner written notice of each assessment, to every owner subject thereto at least thirty (30) days in advance of each annual assessment period: and

(3). Foreclose the lien against any property for which assessments has not been paid within thirty (30) days after the due date or to bring action at law against the owner personally obligated to pay same.

(d). Issue, or cause an appropriate officers 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 issuance of these certificates. If a certificate states an assessment has been paid, such certificate has been paid, such certificate shall be conclusive evidence of such payment.

(e). Procure and maintain adequate liability and hazard insurance of property owned by the Association:

(f). Cause all officers of employees having fiscal responsibilities to be bonded, as it may deem appropriate:

(g). Cause the Common Area to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president, and a vice president, secretary and a treasurer, who shall at all, times be members of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise is disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the association may require each of who shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or 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 be effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Officers. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other officers except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the Officers are as follows:

President

(a). The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

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

Secretary

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

Treasurer

(d). The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep books of the accounts; cause an annual review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting and deliver a copy to the members.

ARTICLE IX
COMMITTEES

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

ARTICLE X
BOOKS AND RECORDS

The books, record and papers of the Association shall at all times, during reasonable working hours, be available to the inspection of any member. The Declaration, The article of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XI
ASSESSMENTS

As more fully provided in the declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessment, which is not paid when due, shall be delinquent. If the assessment is not paid within thirty (:30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate set in the Declaration, and the association may bring action against the Owner personally obligated to pay same or foreclose the lien against the property, and interest, cost and reasonable attorney fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or the abandonment of his lot.

ARTICLEXII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Gates Four Townhouse Association, Inc., Corporate Seal, North Carolina, 1976.

ARTICLEXIII
AMENDMENTS

Section 1. Theses By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section2: In the case of any conflict between the articles of Incorporation and these By-Laws, the Articles shall control; and In the case of any conflict between the Declaration and these By-Laws the Declaration shall control,

ARTICLE XIV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on 31st day of December or every year, except that the first fiscal year shall begin on the day of incorporation .

.... IN WITNESS WHEREOF, I, a member of the Board of Directors of the Gates Four Townhouse Association, Inc. hereby, certify this is a true copy of the original By-Laws as amended 12 February 2004.

Paul A. Johnson, President

The Board of Directors have reviewed the Associations By Laws and recommends the following proposals for changes:

PROPOSAL #1:

ARTICLE IV

BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. Currently reads: "A Board of nine (9) Directors who need not to be members of the Association, shall manage the affairs of this Association.

Recommended Amendment: Delete all after Number; and insert the following: A Board shall consist of a maximum of nine (9) but no less than seven (7) Directors, who need not be members of the Association, shall manage the affairs of this Association.

Reason for this amendment: This will give the Board more flexibility to continue to conduct business for the Association. The 7 members will give the board 10 percent representation