BY-LAWS

OF

HUNTINGTON WOODS HOMEOWNERS ASSOCIATION OF HICKORY, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Huntington Woods Homeowners Association of Hickory, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 316 Fourth Street, N.W., Hickory, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Catawba, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Assessment" means an Owner's share of the common expenses assessed against such Owner and his Lot from time to time by the Association in the manner hereinafter provided.

Section 2. "Association" means and refers to Huntington Woods Homeowners Association of Hickory, Inc., its successors and assigns.

Section 3. "Board" or "Board of Directors" means the Board of Directors of the Association.

Section 4. "By-Laws" means these By-Laws of the Association.

Section 5. "Common Area" means all real property owned by the Association for the common use and enjoyment of the Owners.

Section 6. "Common Expenses" means all or any of:

(1) All expenses incident to the administration, maintenance, and repair or replacement of the Common Area and the improvements thereon.

(2) Expenses determined by the Association to be Common Expenses and which are lawfully assessed against the Owners.

(3) All sums lawfully assessed against the Owners by the Association.

Section 7. "Declarant" means and refers to Huntington Woods Development Corporation, a North Carolina corporation, or its successor in fee ownership of all remaining Lots (more than one Lot) unsold to purchasers for use as residences. At no point in time may there be more than one Declarant.

Section 8. "Declaration" means the Declaration of Covenants, Conditions and Restrictions of the Association.

Section 9. "Lot" means and refers to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 10. "Member" means an Owner.

Section 11. "Mortgage" means any deed of trust, mortgage, security agreement, and financing statement or any and all other similar instruments given to secure the payment of a debt, by granting a security interest in a Lot or the improvements thereon or the fixtures and contents thereon.

Section 12. "Owner" means the record legal fee Owner or Owners of a Lot, excluding any lender, trustee, or creditor whose interest in the Lot is merely as security for the performance of an obligation.

Section 13. "Person" means any individual, corporation, partnership, association, trustee, fiduciary, or other legal entity, and shall mean the plural or combination of the same where applicable.

Section 14. "Properties" means and refers to that certain real property described in the Declaration and such additions thereto as may be hereafter annexed and brought within the jurisdiction of the Association.

Section 15. "Supplementary Declaration" means the document filed to include one or more parcels of real property shown on Exhibit "B" attached hereto within the Properties and within the jurisdiction of the Association.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent

regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 8 o'clock, p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than (50) 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 proxies entitled to cast, one-tenth (1/10) 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 these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

ARTICLE IV

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, who need not be members of the Association. The initial Board of Directors will consist of three (3) Directors until the first annual meeting of the members of the Association. Thereafter the number of Directors will be nine (9).

Section 2. Term of Office. At the first annual meeting the members shall elect three (3) directors for a term of one year, three (3) directors for a term of two years and three (3) 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 selected 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 to 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 so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two

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, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

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

ARTICLE 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

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the 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 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) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) 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 duty 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 in writing by one-fourth (1/4) of the 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; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days prior to due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) 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;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Areas and the exterior of the townhouses to be maintained as provided for in the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

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

Section 3. Term. Each officer 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 disqualified to serve.

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

Section 5. Resignation and Removal. Any officer may

be removed from office with or without cause by the Board. Any officer may resign at any time 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 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 Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices 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 of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; 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.

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 proper books of account; cause an annual audit 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 meeting, and deliver a copy of each 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, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Asssociation shall be available for inspection by any member at the principal office of the Assosciation, where copies may be purchased at 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 assessments which are 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

due date of delinquency at the rate of eight percent (8%) per annum, or the maximum rate permitted to be legally charged under the laws of the State of North Carolina at the time of delinquency, provided, however, that the interest charged hereunder shall not exceed ten percent (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Huntington Woods Homeowners Association of Hickory, Inc. with the word "SEAL" in the center.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. 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

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. The Homeowners' Association will provide from an annual assessment, and from other assessments, the reserve for the replacement of common element.

Section 3. A working capital fund for the initial project operation will be collected from each member of the Homeowners' Association upon the members joining the Association, such contributions shall equal two (2) months of the annual assessment.

Section 4. The Association shall provide the holders of the mortgage prompt notice of any default by any member of its assessment, if such default is not cured within thirty (30) days of default.

Section 5. A fidelity bond will be provided for any person or persons handling the funds of the Association, including any employee of any professional manager.

Section 6. The Association will provide liability insurance for all Common Area, and provide fire and extended coverage on any of the Common property owned by the Association based on a current replacement basis of not less than one hundred percent (100%) of the insurable value, and such premiums for these insurances shall be considered a common expense of the Association and part of the annual assessment.

Section 7. The Association shall give all first mortgagees notice in writing of any loss to or taking of common elements in excess of Ten Thousand Dollars ($10,000.00), upon the Association's knowledge of such loss.

Section 8. The first mortgagee of any of the units or lots may pay any overdue taxes or insurance premiums due on the property if payments become overdue and such mortgagee shall be immediately reimbursed by the Association for such payment.

Section 9. Should any State or other governmental agencies condemn any part of the Association's property, the Association shall provide written notice to the first mortgagee of any such condemnation.

Section 10. The first mortgagee of any units or lots on the Association's property shall be entitled to such rights of the individual unit owners as to the inspection of books, records, and operating budget.

Section 11. The Board of Directors of the Association

is empowered to enter into a contract with any person or corporation to provide a professional manager for the Association, however, any such contract shall provide that either party may terminate the contract on ninety (90) days written notice to the other.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Huntington Woods Homeowners Association of Hickory, Inc., a North Carolina corporation; and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 14 day of March, 1984.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the sale of said Association this 14 day of March, 1984.

Donald R Fulk Jr
Secretary

SEAL

FILED
RUTH MACKIE
'84 MAR 14 PM 3 16

STATE OF NORTH CAROLINA

CATAWBA COUNTY

The foregoing certificate of Wendy E. Moretz, a Notary Public of Alexander Co, N.C. is certified to be correct.

This instrument was presented for registration this 14 day of March 1984 at 3:16 P.M. and duly recorded in the office of the Register of deeds of Catawba Co, N.C. in Book 1350, Page 295.

Ruth Mackie — Delores Lenhardt

RUTH MACKIE, REGISTER OF DEEDS — BY: — ASSISTANT

BY-LAW AMENDMENTS

The following By-law amendments were adopted by the Board of Directors. Please file them with your copy of the Declaration and By-laws.

A. Article VII, Section 2g (to include the following):

Repair and maintenance of skylights shall be the responsibility of the homeowner as set for in the Declaration, Article VII, "Exterior Maintenance."

B. Article XI, Assessments (add the following):

If a homeowner has an outstanding balance for a two month period, the treasurer will send the homeowner a written notice. After a three month period, the Homeowners' Association will initiate legal action against the homeowner. The homeowner will pay all legal and financial charges involved in the legal action.

C. Article XIV, Section 3 (omits a "working capital fund for the initial project operation"):

A non-refundable membership fee will be collected from each member of the Huntington Woods Homeowners' Association upon the member's joining the Association. This fee will equal two-months of the annual assessment and will be payable at such time as the unit is purchased.

D. Bad-check fee:

A charge will be levied against any homeowner whose check is returned to the Association for non-payment. The amount of the charge will be determined by the directors of the Association.

E. Article XV, ("Major Improvement Fund"):

Check writing authority and withdrawal of funds from the Major Improvement Fund will require two signatures. The persons so authorized will be designated by the board at the annual meeting.

100 copies

BY-LAW AMENDMENTS

The following By-Law amendments were adopted by the Huntington Woods Homeowners' Association of Hickory, Inc. Please file these with your copy of the Declaration and By-Laws.

1) Article VII, Section 2g (to include the following):

Repair and maintenance of skylights shall be the responsibility of the homeowner as set forth in the Declaration, Article VII, "Exterior Maintenance."
-adopted 10-3-89

2) Article XI, Assessments (add the following):

If a homeowner has an outstanding balance for a two month period, the treasurer will send the homeowner a written notice. After a three-month period, the Homeowners' Association will initiate legal action against the homeowner. The homeowner will pay all legal and financial charges involved in the legal action.
-adopted 10-3-89

3) Article XIV, Section 3 (substitute the following):

A non-refundable membership fee will be collected from each member of the Huntington Woods Homeowners' Association upon the member's joining the Association. This fee will equal two months of the annual assessment and will be payable at such time as the unit is purchased.
-adopted 10-3-89

4) Article XIV, Section 14

A charge will be levied against any homeowner whose check is returned to the Association for non-payment. The amount of the charge will be determined by the Directors of the Association.
-adopted 10-3-89

5) Article XV

A Major Improvement Fund is established whereby an amount not less than $25.00 per month per unit shall be set aside by the Board of Directors in a separate account for major improvements (e.g. roofing, painting, staining, deck repair, road improvements). The amount designated for this fund shall be reviewed annually by the Board of Directors and any increase shall be by vote as established in Article IV, Section 3 of the Declarations for Huntington Woods.

Check writing authority and withdrawal of funds from the Major Improvement Fund will require two signatures. The persons so authorized will be designated by the Board at the annual meeting.
-adopted 10-3-89

6) Article XIV, Section 12

Owners and occupants must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises and in using, playing, or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers, and any other instruments or devises in such a manner as may disturb or tend to disturb owners, tenants, or occupants of other units.
-adopted 6-24-91

7) Article XIV, Section 13

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The speed limit within the Huntington Woods complex will be 16 MPH as posted.
-adopted 6-24-91

8) Article VIII, Section 8 (d):

Change the word "audit" to read "compilation and/or review."
-adopted 6-22-99

NORTH CAROLINA
CATAWBA COUNTY
The foregoing certificate of Kaye N. Owenby, a Notary Public of Catawba Co., NC is certified to be correct. Filed for registration this 25th day of January 2000 at 4:23 P.M. and recorded in Book 55 Page 561

Ruth Mackie

RUTH MACKIE - REGISTER OF DEEDS

11

Janet Baird
1791 12th Se NE
Hickory NC 28601

002006

FILED
RUTH MACKIE
'00 JAN 25 PM 4 23
REGISTER OF DEEDS
CATAWBA CO., N. C.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting officer of the Huntington Woods Homeowners Association of Hickory, Inc., a North Carolina corporation; and

That the foregoing, attached amendments were duly adopted at a meeting of the Association held on the dates documented and re-affirmed by the Board of Directors at a meeting held on the 24th day of August, 1999.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 24th day of January, 2000.

Barbara C. Early
President

Janet F. Baird
Secretary

NORTH CAROLINA
CATAWBA COUNTY

I, a Notary Public of the County and State aforesaid, certify that Janet F. Baird & Barbara Early personally came before me this day and acknowledged that Janet Baird is Secretary and Barbara Early is President of HUNTINGTON WOODS HOMEOWNERS ASSOCIATION and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by its President, sealed with its corporate seal and attested by its Secretary.

Witness my hand and official stamp or seal, this 24th day of January, 2000.

Kaye M. Owenby
Notary Public

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My Commission Expires 5-10-2002