

Bylaws of the Waterford Place Property Owners Association, Inc.

AMENDED AND RESTATED BYLAWS

OF

WATERFORD PLACE PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I. IDENTITY

1.1 Principal Office.

The principal office of the Association shall be at 10 Lakeview Ct. in Brevard, North Carolina 28712, or at such other place as may be designated by the Board of Directors.

1.2 Registered Agent.

For the purpose of receiving all formal service of legal papers on behalf of the Association, the Board of Directors shall designate a registered Agent for the corporation. This designation may be changed at any time by the Board of Directors by filing written notice with the Corporations Division in the Office of the North Carolina Secretary of State.

1.3 Fiscal Year.

The Association fiscal year shall be the calendar year.

1.4 Seal.

The seal of the Association shall bear the name of the corporation, the word "North Carolina", the words "corporation not for profit" and the year of incorporation.

1.5 Definitions.

For convenience, these Bylaws shall be referred to as the "Bylaws"; the Articles of Incorporation of the Association as the "Articles"; and the Declaration of Restrictive Covenants for Waterford Place and the various amendments thereto which have been recorded in the office of the Register of Deeds for Transylvania County as the "Covenants". The other terms used in these Bylaws shall have the same definitions and meaning as those set forth in the Covenants and the Articles, unless provided to the contrary in these Bylaws, or unless the context otherwise requires. Whenever the context permits or requires, the singular shall include the plural, the plural shall include the singular and the use of any gender shall be deemed to include all genders.

ARTICLE II. MEETINGS OF MEMBERS AND VOTING

2.1 Annual Meeting.

The annual meeting of members shall be held in the month of August of each year on the date and time determined by the Board of Directors. The meeting shall be held within Brevard Township. The purpose of the meeting shall be to elect directors and to transact any other business authorized to be transacted by the members.

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2.2 Special Meetings.

Special meetings of the members shall be held within Brevard Township and may be called by the President or by a majority of the Board of Directors of the Association, and must be called by the President or Secretary on receipt of a written request from at least ten (10%) percent of the members of the Association entitled to vote at the meeting. Requests for a meeting by the members shall state the purpose for the meeting and the business conducted at any special meeting shall be limited to the matters stated in the notice for it.

2.3 Notice of annual meeting.

Written notice of the annual meeting shall be delivered to each member at least fourteen (14) days and not more than sixty (60) days before the annual meeting. The notice is to be hand delivered or sent prepaid by United States Mail to the mailing address of each member or sent by electronic means, including electronic mail over the Internet, to an electronic mailing address designated in writing by the member. An approved proxy form shall be included with the notification. A certificate of notification signed by the Association Secretary shall be submitted as proof of the notification. Members may waive notice of the annual meeting at the meeting.

2.4 Notice of special meetings, generally.

Notice of special meetings shall be in writing, shall state the place, day and hour of the meeting and the purpose or purposes for which the meeting is called. The notice shall be delivered to each member entitled to vote at the meeting not less than ten (10) days or more than thirty (30) days before the date of the meeting by or at the direction of the president, the secretary or the officer or persons calling the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her address as it appears in the records of the Association, with postage prepaid. Payment for postage for notice of any special meeting, by whomever called, shall be an obligation of the Association. The notice may be sent by electronic means, including electronic mail over the Internet, to an electronic mailing address designated in writing by the member. An approved proxy form shall be included with the notification. A certificate of notification signed by the Association Secretary shall be submitted as proof of the notification.

2.5 Quorum.

Except as otherwise provided herein, the presence of a majority of the members entitled to vote shall constitute a quorum whether such member is present in person or by proxy.

2.6 Majority Vote.

In any meeting of members, each Lot or Condominium Unit shall have one voting interest, provided the member is in good standing. Notwithstanding, any Lot Owner which owns an unimproved contiguous lot(s) and is/are not paying assessments pursuant to Article IV, Section C, Subsection 13 of the Covenants shall only be entitled to one vote. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present shall be binding on all members for all purposes unless the Covenants, the Articles, or these Bylaws require a larger percentage of vote, in which case the larger percentage shall control. A member in good standing means that the Owner/Member has paid all assessments to the Association that are due and owing as of the time of the vote or other action by the member and that the Owner/Member is in substantial

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compliance with the Covenants. The Board of Directors or any membership committee appointed by the Board shall determine the member's status.

2.7 Membership-designation of voting member.

Persons or entities shall become members of the Association on the acquisition of fee title to a Lot or Condominium Unit. Membership shall be terminated when a person or entity no longer owns a Lot or Unit. There shall be only one vote per each Lot. When the Lot is owned by more than one individual, then there must be a written designation filed with the Secretary as to which owner shall cast the ballot. Ballots may be cast for Lots owned by corporations, by partnerships or limited liability companies by a president, vice president, a partner, a manager, member manager or any other person designated in a written certificate filed with the Secretary of the Association and signed by a president or vice president of a corporation or a partner of a partnership. Proper certificates hereunder shall be valid until revoked or until superseded by a subsequent certificate.

2.8 Proxies; powers of Attorney.

Votes may be exercised in person or by proxy. Each proxy shall set forth specifically the name of the person voting by proxy and the name of the person authorized to vote the proxy for him or her. Each proxy shall contain the date, time and place of the meeting for which the proxy is given. If the proxy is a limited proxy, it shall set forth those items that the holder of the proxy may vote and the manner in which the vote is to be cast. The proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings. No proxy shall be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given, and it may be revoked at any time at the pleasure of the member executing it. The proxy shall be signed by the Owner or Owners (if more than one) or by the appropriate officer of a corporation, manager or member-manager of a limited liability company or other designated person mentioned in 2.7, or the duly authorized attorney in fact of that person or persons (provided the power of attorney is filed with the Secretary of the Association). The proxy shall be filed with the Secretary before or at the meeting for which the proxy is given. One holding a power of attorney from a member, properly executed and granting such authority, may exercise the voting interest of that Lot or Condominium Unit. If the proxy expressly provides, any proxy holder may appoint in writing a substitute to act in his or her place. If no such provision is made, substitution is not authorized.

2.9 Adjourned meetings.

If any meeting of members cannot be organized because a quorum is not present, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present. The time and place to which the meeting is adjourned shall be announced at the meeting at which the adjournment is taken and a notice shall be posted in a conspicuous place in the Waterford Place Clubhouse as soon thereafter as may be practicable stating the time and place to which the meeting is adjourned.

2.10 Waiver of notice.

Members may waive their right to receive notice of any meeting, whether annual or special, by a writing signed by them to that effect. The waiver shall be filed with the Secretary of the Association either before, or at the meeting for which the waiver is given.

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2.11 Action by members without a meeting.

Members may take action by written agreement without a meeting, as long as written notice is given to the members entitled to vote in the manner prescribed elsewhere in these Bylaws appropriate to the subject matter to be agreed on, unless that notice is waived as provided in these Bylaws. The decision of a majority of the members, or a larger percentage vote as otherwise may be required by the Covenants, the Articles or these Bylaws (the decision to be evidenced by written response to be solicited in the notice), shall be binding on the membership, provided a quorum submits a response. The notice shall set forth a time period within which responses must be made by the membership.

2.12 Electronic Meetings:

Any meeting of members contemplated herein may be held electronically via a video platform such as Zoom, Google Meet, or other similar platform. The decision to meet electronically is at the sole discretion of the Board.

2.13 Minutes of meetings.

The minutes of all meetings of members shall be kept by the Board, either in written form or in electronic form. Minutes of meetings shall be available for inspection, at a reasonable time and location specified by the Board, upon written notice to the Board by a member, or their authorized representatives, five business days before the date on which the member wishes to inspect. All records requests are subject to N.C. Gen. Stat. 55A-16-02. The minutes shall be retained by the Association permanently. Members and their authorized representatives shall have the right to make or obtain copies at the reasonable expense, if any, of the Association member.

2.14 Order of business.

The order of business at annual meetings of members and as far as practicable at other members' meetings, shall be:

- 2.14.1 Call to order.
- 2.14.2 Calling of the roll, certifying of proxies, determination of a quorum.
- 2.14.3 Proof of a notice of the meeting or waiver of notice.
- 2.14.4 Reading and disposition of the minutes.
- 2.14.5 Reports of officers.
- 2.14.6 Reports of Committees.
- 2.14.7 Appointment of Inspectors of election.
- 2.14.8 Determination of number of directors.
- 2.14.9 Election of directors.
- 2.14.10 Unfinished business.
- 2.14.11 New business.
- 2.14.12 Adjournment.

ARTICLE III. DIRECTORS

3.1 Number and Qualifications.

The affairs of the Association shall be managed by a Board of Directors. No director shall continue on the Board after he or she ceases to be an Owner of a Lot or Condominium Unit in Waterford Place. Board members must be members of the Association. The number of Directors shall be not less than five and shall always be an odd number. The number of Directors may be changed, consistent with this section, by vote of a majority of the members present and entitled to vote at any

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annual meeting. Whenever possible, one Director seat shall be reserved specifically for an owner/representative from the Condominium Units. The remaining Directors shall be Lot Owners.

3.2 Election of directors.

Lot Owner Directors and the Condominium Unit Owner Director shall be elected at the annual meeting of members. in accordance with the procedures in Robert's Rules of Order (latest edition). Each Director seat shall be filled by separate election. Voting shall be by written ballot, and all director elections may be conducted simultaneously on a single ballot paper. Not less than sixty (60) days before the annual meeting of the members, a nominating committee of not less than three and not more than five members shall be appointed by the Board of Directors, and the committee shall nominate at least one person for each directorship to be filled. Other nominations may also be made from the floor. Any nomination from the floor must specify the seat for which the nomination is made. If there are no Condominium Unit Owner volunteers willing to serve, the Board may choose to fill that seat using the Vacancies procedure as set forth in Section 3.4 below.

3.3 Term.

The term of each Lot Owner director's service shall be for a term of two (2) years and directors shall be elected at the annual members' meeting. To create staggered terms of directors, three directors, including the Condominium Owner Director, will be elected in each odd numbered year, and two directors will be elected in each even numbered year. Should the number of directors be increased as provided in Section 3.1, the terms of the new directors shall be staggered in accordance with the provisions of this Section.

3.4 Vacancies.

Except as to vacancies resulting from removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by a majority vote of the remaining directors. Any director elected to fill a vacancy shall hold office only until the next election of directors by the members, irrespective of the length of the remaining term of the vacating director. If at the time of the next election of Directors by the Members there is still a year remaining in the term of the vacated seat, the person elected to that seat shall be elected only for that remaining year.

3.5 Removal.

Any director may be recalled and removed from office with or without cause by the vote or agreement in writing of a majority of all Lot Owner members entitled to vote. A special meeting of the members to recall a member or members of the Board of Directors may be called by ten (10%) percent of the members entitled to vote giving notice of the meeting as required by these Bylaws. The notice shall state the purpose of the meeting. Any vacancy on the Board of Directors thus created shall be filled by the members of the Association at the same meeting. If more than one director is subject to recall, there shall be a separate vote on the question to remove each director.

3.6 Disqualification and resignation.

Any director may resign at any time by sending or personally delivering a personally signed written notice of resignation to the Association, addressed to the

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Secretary. The resignation shall take effect on receipt by the Secretary, unless it states differently. Any board member elected by the members who is absent from more than three regular meetings of the Board, unless excused by resolution of the Board, shall be deemed to have resigned from the Board of Directors automatically, effective when accepted by the Board. Any board member more than thirty (30) days delinquent in the payment of an assessment shall be deemed to have resigned from the Board, effective when the resignation is accepted by the Board of Directors.

3.7 Organizational meeting.

The organizational meeting of a newly elected Board of Directors shall be held within ten days after their election at a place and time that shall be fixed by the directors at the meeting at which they were elected and without further notice. The senior most Director shall convene and preside at the organizational meeting until the new President of the Board is elected.

3.8 Regular meetings.

The Board of Directors may establish a schedule of regular meetings to be held at a time and place as a majority of them shall determine from time to time. Notice of regular meetings, however, shall be given to each director personally or by mail, by e-mail, or by telephone, at least three days before the day named for the meeting with the notice of each meeting posted conspicuously in the Waterford Place community at least 48 hours before the meeting except in an emergency.

3.9 Special meetings.

Special meetings of the Board of Directors may be called by the President and, in the absence of the President, by the Vice-President, and must be called by the Secretary at the written request of one-third of the directors. Notice of the meeting shall be given personally or by mail, by e-mail or by telephone. The notice shall state the time, place and purpose of the meeting and shall be transmitted not less than three days before the meeting. A copy of the notice of each meeting shall be posted conspicuously in the Waterford Place community at least 48 hours before the meeting except in an emergency.

3.10 Electronic meetings.

Any meeting of the Board of Directors may be held electronically as determined by the Board or by the President. Prior to the calling of an electronic meeting, the President, with the advice of members of the Board, shall select the electronic means by which the meeting will be conducted and shall notify the members of the community of the electronic platform selected. The meeting may be conducted from any location chosen by the President and shall be conducted in such a manner that Directors may enjoy all rights of participation as provided for in these Bylaws and in *Robert's Rules of Order* (latest edition). Upon the request of a Member, and based upon the availability of a Board member to be present at the clubhouse, the meeting may be simultaneously cast at the clubhouse for persons not having electronic access.

3.11 Waiver of notice.

Any director may waive notice of a meeting before, at or after the meeting and that waiver shall be deemed equivalent to the giving of notice. Attendance by any director at a meeting shall constitute a waiver of notice of the meeting, except when the director's attendance is for the express purpose of objecting at the

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beginning of the meeting to the transaction of business because the meeting is not lawfully called.

3.12 Quorum.

A quorum at the meetings of the Directors shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors is required by the Covenants, the Articles, or these Bylaws.

3.13 Adjourned meetings.

If there is less than a quorum present at any meeting of the Board of Directors, the majority of those present may adjourn the meeting until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

3.14 No proxy.

There shall be no voting by proxy at any meeting of the Board of Directors.

3.15 Meetings open to members.

Meetings of the Board of Directors shall be open to all members of the Association to attend and observe. Members who are not Directors, however, shall not be entitled to participate in the meeting unless specifically invited to do so by the Board. Notwithstanding the Board may go into closed session during any Board of Directors meeting in order to discuss matters of a private or sensitive nature, as determined by the Board. Members, other than Directors, shall not be entitled to be present while the Board is meeting in closed session, unless invited by the Board. Any actions taken by the Board in closed session must be reported at the next open meeting. Notice of any meeting of the Board whereat the budget or assessments are to be considered shall contain a statement to that effect.

3.16 Presiding officer.

The presiding officer at Board meetings shall be the President or, in the absence of the President, the Vice-President, and in the Vice-President's absence, the directors present shall designate any one of their number to preside.

3.17 Minutes of meetings.

The minutes of all meetings of Directors shall be kept by the Board, either in written form or in electronic form. Minutes of meetings shall be available for inspection, at a reasonable time and location specified by the Board, upon written notice to the Board by a member, or their authorized representatives, five business days before the date on which the member wishes to inspect. All records requests are subject to N.C. Gen. Stat. 55A-16-02. The minutes shall be retained by the Association permanently. Members and their authorized representatives shall have the right to make or obtain copies at the reasonable expense, if any, of the Association member.

3.18 Compensation.

Directors shall serve without pay but shall be entitled to reimbursement for expenses reasonably incurred in the discharge of their duties upon approval by the Board of Directors.

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3.19 Order of business.

The order of business at meetings of directors shall be:

- (1) Calling of roll.
- (2) Reading and disposition of the minutes.
- (3) Reports of officers and committees.
- (4) Election of officers (as appropriate).
- (5) Unfinished business.
- (6) New business.
- (7) Adjournment.

3.7 Presumed assent.

A director present at any Board meeting at which action of any corporate matter is taken shall be presumed to have assented to the action taken, unless he or she votes against such actions or abstains from voting because of an asserted conflict of interest.

ARTICLE IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

4.1 Powers and Duties.

Pursuant to Section 47F-3-102 of the Act, and acting by and through its Board and/or its membership in accordance with the provisions of the Documents, the Association shall have the following powers and duties necessary for the administration of the affairs of the Planned Community which shall include, but not be limited to, the following:

- a) Adopt and amend rules and regulations;
- b) Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from Lot Owners;
- c) Hire and discharge managing agents and other employees, agents, and independent contractors;
- d) Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the Planned Community;
- e) Make contracts and incur liabilities;
- f) Regulate the use, maintenance, repair, replacement, and modification of common elements;
- g) Cause additional improvements to be made as a part of the common elements;
- h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to Section 47F-3-112 of the Act;
- i) Grant easements, leases, licenses, and concessions through or over the common elements; impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements and for services provided to Lot Owners;
- j) Impose reasonable charges for late payment of assessments, not to exceed the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer;

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k) After notice and an opportunity to be heard, impose reasonable fines, or suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of the declaration, bylaws, and rules and regulations of the Association;

l) Impose reasonable charges in connection with the preparation and recordation of documents, including, without limitation, amendments to the Declaration or statements of unpaid assessments;

m) Provide for the indemnification of and maintain liability insurance for its officers, Board, directors, employees, and agents;

n) Assign its right to future income, including the right to receive common expense assessments;

o) Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association; and

p) Exercise any other powers necessary and proper for the governance and operation of the Association. Directors who are not themselves subject to the use restrictions of the Covenants shall recuse themselves from participating in discussion of or voting on any matter before the Board concerning the use restrictions of the Covenants or exercising authority under the use restrictions of the Covenants.

q) Appoint an Architectural Review Committee.

This committee shall exercise the power granted to it and carry out the duties assigned to it by the Covenants. Members of this committee must be owners of lots subject to the authority of the Covenants.

r) Appoint a Grounds Committee.

s) Lien and foreclosure for unpaid assessments.

The Association has the right to place a claim of lien on each Lot or Condominium Unit for any unpaid assessments with interest or unpaid fines and for reasonable attorneys' fees incurred in the collection of the assessment or enforcement of the lien. It shall also have the power to foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes and to purchase the Lot or Dwelling Unit at the foreclosure sale and to hold, lease, mortgage or convey it

ARTICLE V. OFFICERS

5.1 Executive officers.

The executive officers of the Association shall be a president and a vice president, who shall be directors, a treasurer, an assistant treasurer and a secretary and such other officers as the Board may from time to time create by resolution.

5.2 President.

The president shall be the chief executive officer of the Association. The president shall have all of the powers and duties that usually are vested in the office of president of an association, including but not limited to the power to appoint committees from among the members to assist in the conduct of the affairs of the Association as he or she may deem appropriate. When in attendance, the president shall preside at all meetings of the Board. No Condominium Unit Owner director may serve as President.

5.3 Vice-President.

The vice president shall exercise the powers and perform the duties of the

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president in the absence or disability of the president. He or She also shall assist the president and exercise those other powers and perform those other duties as shall be prescribed by the directors. No Condominium Unit Owner director may serve as Vice-President.

5.4 Secretary.

The secretary shall keep the minutes of all proceedings of the directors and the members. He or she shall attend to the serving of all notices to the members and directors and other notices required hereunder. The secretary shall have custody of the seal of the Association and shall affix it to instruments requiring the seal when duly signed. He or she shall keep the records of the Association, except those of the treasurer, and shall perform all other duties incident to the office of the secretary of an association and as may be required by the directors. In the event the Board has hired a management company to keep Association records, the Secretary shall be responsible for confirming that the appropriate records referenced herein are being retained by the Company.

5.5 Treasurer.

The treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He or She shall keep books of account for the Association in accordance with generally accepted accounting principles (GAAP), which together with substantiating papers, shall be made available to the Board of Directors for examination at reasonable times. An audit or review of the books shall be performed at a three to five year interval to insure accuracy and upon the appointment of a new treasurer. The treasurer shall submit a treasurer's report to the Board at reasonable intervals and shall perform all other duties incident to the office of treasurer including payment of approved bills for the Association. All money and other valuable effects shall be kept for the benefit of the Association in such depositories as may be designated by a majority of the Board. The assistant treasurer may perform such duties as may be designated by the treasurer and may perform the duties of the treasurer in the absence of the treasurer. In the event the Board has hired a management company to keep Association records, the Treasurer shall be responsible for confirming that the appropriate records referenced herein are being retained by the Company.

5.6 Compensation.

The compensation, if any, of all employees of the Association shall be fixed by the Board of Directors. Under no circumstances shall the Board employ, as an employee or contract manager, a director or an officer without the prior knowledge and majority approval of the membership at large.

ARTICLE VI. FISCAL MANAGEMENT

6.1 Board adoption of budget.

The Board of Directors shall adopt a budget for the Association in advance of each fiscal year at a meeting of the Board called for that purpose at least fifteen (15) days before the end of each fiscal year in accordance with 6.3. A copy of the adopted budget shall be furnished to the members within thirty (30) days of the adoption of said budget.

6.2 Budget requirements.

The proposed annual budget shall be detailed and shall show the amounts

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budgeted by accounts and expense classifications, including, when applicable, but not limited to:

- (a) Administration of the Association.
- (b) Management fees.
- (c) Maintenance.
- (d) Taxes on Association property.
- (e) Insurance.
- (f) Security provisions.
- (g) Other expenses.
- (h) Operating capital.
- (i) Reserve accounts for capital expenditures and deferred

maintenance.

The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost for such reserve item. Reserves must be included in the proposed annual budget, but may be removed from the final budget if by vote of the majority of the members present at a duly called meeting of the Association they shall determine for a fiscal year to provide no reserves or reserves less than required. If a meeting of members has been called to determine to provide no reserves or reserves less than required and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect. Expenditures from reserves shall be approved by vote of the Board of Directors of the Association.

6.3 Notice of budget meeting.

The Board of Directors shall mail a meeting notice and copies of the proposed annual budget to the members not less than fourteen (14) days before the meeting at which the budget will be considered. If a budget adopted by the Board of Directors requires an assessment against members in any fiscal year exceeding 115% of the previous year's assessments, the Board shall call a special meeting of members within thirty (30) days and shall be called on not less than ten (10) days written notice to each member. If the proposed budget is not approved as presented at the special meeting, the members shall consider and enact a substitute budget by not less than a majority vote of the members. If at the special meeting, a quorum is not attained or a substitute budget is not adopted by the members, the budget adopted by the Board shall go into effect as scheduled.

6.4 Accounting records and reports.

The Association shall maintain accounting records as set forth in N.C. Gen. Stat. 55A-16-01. The records shall be kept by the Board, either in written form or in electronic form and shall be available for inspection, at a reasonable time and location specified by the Board, upon written notice to the Board by a member, or their authorized representatives, five business days before the date on which the member wishes to inspect. All records requests are subject to N.C. Gen. Stat. 55A-16-02. Members and their authorized representatives shall have the right to make or obtain copies at the reasonable expense, if any, of the Association member. The records shall include, but are not limited to:

- A. Accurate, itemized and detailed record of all receipts and expenditures.

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B. A current account and a monthly, bi-monthly or quarterly statement of the account of each Owner, designating the name and current mailing address of the Owner, the amount of each assessment, the dates and amounts in which the assessments come due, the amount paid on the account and the balance due.

C. All audits, reviews, accounting statements and financial reports of the Association.

D. All contracts for work to be performed.

6.5 Depository.

The depository of the Association shall be those Federally-insured banks or insured savings and loan associations, state or federal, as shall be designated from time to time by the Board of Directors and in which money for the Association shall be deposited. Withdrawal of money from those accounts shall be only checks or other withdrawal instruments signed by those persons as are authorized by the directors.

6.6 Fidelity bonding.

If so decided by the Board, each officer and director of the Association who controls or disburses its funds shall be bonded by a fidelity bond in such principal sum as determined by the Board. The cost of bonding shall be at the expense of the Association. Members of committees shall be considered officers of Association for fidelity bonding purposes when acting on behalf of the Association.

ARTICLE VII. ASSOCIATION CONTRACTS, GENERALLY.

Any contracts made by the Association must be fair and reasonable.

All contracts for the operation, maintenance or management of the Association or property serving the members, made by the Association, must not be in conflict with the powers and duties of the Association or the rights of the members. Written contracts for operation, maintenance and management entered into by the Association must contain certain elements in order to be valid and enforceable. These include, but are not limited to:

A. Specification of the services, obligations, and responsibilities of the service provider.

B. Specification of costs for services performed.

C. An indication of frequency of performance of services.

ARTICLE VIII. LIABILITY SURVIVES MEMBERSHIP TERMINATION

Termination of membership in the Association shall not relieve or release a former member from any liability or obligation incurred during the period of membership, nor impair any rights or remedies that the Association may have against the former member arising out of his or her membership and his or her covenants and obligations incident to that membership.

ARTICLE IX. PARLIAMENTARY RULES

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ROBERTS' RULES OF ORDER (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Covenants, the Articles or these Bylaws.

ARTICLE X. RULES AND REGULATIONS

10.1 Board may adopt.

The Board of Directors may adopt and amend, from time to time reasonable rules and regulations.

10.2 Posting and furnishing copies.

A copy of any rules and regulations adopted by the Board of Directors, and any amendments to existing rules and regulations, shall be furnished to each member by direct delivery, by mail or by electronic means, including email over the Internet. No rule, regulation or amendment shall become effective until thirty (30) days after adaption, except in case of an emergency, in which case the rule, regulation or amendment shall become effective immediately on adoption.

10.3 Reasonableness test.

Any rule or regulation created and imposed by the Board of Directors must be reasonably related to the promotion of the health, safety, welfare, happiness and peace of mind of the members and uniformly applied and enforced.

ARTICLE XI. BYLAWS DEEMED AMENDED

These Bylaws shall be deemed amended in those particulars as may be required to make them consistent with the provisions of any applicable law as the same may exist from time to time.

ARTICLE XII. PRIORITIES IN CASE OF CONFLICT

In the event of conflict between and among the provisions of any of the following, the order of priorities shall be, from highest priority to lowest: (a) the Covenants; (b) the Articles of Incorporation; (c) these Bylaws; and (d) the rules and regulations.

ARTICLE XIII. AMENDMENTS

Amendments to these Bylaws shall be proposed and adopted in the following manner:

13.1 Notice.

Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered.

13.2 Adoption.

An amendment may be proposed either by a majority of the Board of Directors or by not less than one-third (1/3) of the Association members entitled to

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vote. The amendment shall be adopted if it is approved by the affirmative vote of two-thirds (2/3) of the Association members casting votes, provided that the number of affirmative votes also constitutes a majority of the Association members entitled to vote.

13.3 Limitation.

No amendment shall be made that is in conflict with the Covenants, nor shall any amendment abridge, alter or amend the rights of the original Developer or his successors, or mortgagees of Lots and Condominium Units without their consent.

13.4 Format.

Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended.

ARTICLE XIV. ASSOCIATION OFFICIAL RECORDS

The Association, from its inception, shall maintain each of the following items, either in written or electronic form, which shall constitute the official records of the Association:

- A. The recorded Covenants and all amendments thereto.
- B. The Bylaws of the Association and all amendments thereto.
- C. The Articles of Incorporation of the Association and all amendments thereto.
- D. The current rules of the Association.
- E. The minutes of all meetings of the Association, of the Board of Directors and of members, which minutes shall be retained in for a period of not less than seven years. After seven years a set of minutes for that Association official business year shall be transferred to and stored in the Association archives permanently.
- F. A current roster of all members, their mailing addresses, email addresses, and if known, telephone numbers. Additionally, the Association may require a copy of the deed or other instrument showing each Lot's ownership, together with a copy of any mortgage thereon and any satisfaction of that mortgage.
- G. All current insurance policies of the Association.
- H. A current copy of any management agreement, or other contract to which the Association is a party or under which the Association or the members have an obligation or responsibility.
- I. The accounting record required in Paragraph 6.4.
- J. Voting proxies, which shall be maintained for a period of one year from the date of the meeting for which the proxy was given.

The records shall be kept by the Board, either in written form or in electronic form and shall be available for inspection, at a reasonable time and location specified by the Board, upon written notice to the Board by a member, or their authorized representatives, five business days before the date on which the member wishes to inspect. All records requests are subject to N.C. Gen. Stat. 55A-16-02. Members and their authorized representatives shall have the right to make or obtain copies at the reasonable expense, if any, of the Association member.

ARTICLE XV. RESTRICTION ON THE REQUIREMENTS FOR USE, MAINTENANCE, AND APPEARANCE OF THE UNITS

15.1 Where contained.

Restrictions on the use, maintenance and appearance of the Lot shall be

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stated in the Covenants. No amendments to such restrictions shall be contained elsewhere than in the Covenants or may be adopted other than in the manner prescribed in and required by the Covenants.

15.2 Tests for validity of restrictions.

Restrictions contained in the Covenants and any amendments duly made as required therein shall be valid and in the nature of covenants running with the land, unless it is shown that they: (1) are wholly arbitrary in their application; (2) are irrational; (3) are in violation of public policy; or (4) abrogate some fundamental constitutional right.

ARTICLE XVI. TOTAL NUMBER OF VOTING UNITS

The total number of Lots for the purpose of calculating the percentages of voting memberships shall be based upon the number of lots and condominium units paying assessments. If this number should change by reason of the survey of additional Lots and the subjection of such Lots to the terms of the Covenants, or the consolidation of existing Lots, the calculation of voting memberships shall be adjusted accordingly by action of the Board of Directors.

ARTICLE XVII. INDEMNIFICATION

Every member of the Board of Directors, and every officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonable incurred by or imposed upon his or her in connection with any proceeding to which he or she may be party, or in which he or she may become involved by reason of his or her being or having been a member of the Board of Directors or officer except in such cases wherein the member of the Board of Directors or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties in the event of any claim for reimbursement of indemnification hereunder based upon a settlement by a member of the Board of Directors, and if the Board of Directors approves such settlement or reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such member of the Board of Directors or officer may be entitled.

The foregoing were adopted as the Bylaws of Waterford Place Property Owners Association, on the 17th day of August, 2023.

WATERFORD PLACE PROPERTY OWNERS ASSOCIATION, INC.

BY: _____
TITLE: President