

BYLAWS
OF
PROVIDENCE COUNTRY CLUB HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

OFFICES

- Section 1. Principal Office. The Principal office of the Association shall be located in Mecklenburg County, North Carolina.
- Section 2. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office in the State of North Carolina. The address of the registered office may be changed from time to time by the Board of Directors.
- Section 3. Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the business of the Association may require from time to time.

ARTICLE II

MEMBERSHIP

- Section 1. Membership. Article III of the Declaration is attached to these By Laws as Exhibit A and hereby incorporated by reference as a constituent part of these By Laws as if fully set out herein. Article III sets forth who shall be members, the classes of membership, the voting rights of the different classes of members, the number and method of electing Directors, and the suspension of voting rights. The Declaration shall control as to any conflict or inconsistency with these By Laws.
- Section 2. Annual Meeting. The annual meeting of the members shall be held on the first Tuesday in the month of March each year at the hour of 7:00 o'clock P.M., for the purpose of electing new directors and for the transaction of such other business as may come before the meeting. The first of these annual meetings shall be held beginning with the year that Class B lots are terminated as provided in the Declaration of Covenants, Conditions and Restrictions for Providence Country Club, recorded in the Mecklenburg County Registry (the "Declaration").
- Section 3. Substitute Annual Meeting. If the annual meeting for members shall not be held on the day designated by these bylaws, or any adjournment thereof, then a

substitute annual meeting may be called in accordance with Section 4 of this Article and the meeting so called may be designated as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called by the President or a majority of the Board of Directors.

Section 5. Place of Meeting. The Board of Directors may designate any place in North Carolina as the place of meeting for any annual meeting of members called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Association in the State of North Carolina.

Section 6. Notice of Meeting. Written or printed notice stating the time and place of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each member of record entitled to vote at such meeting.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the record of members of the Association, with postage thereon prepaid. In addition to the foregoing, notice of a substitute annual meeting shall state that the annual meeting was not held on the day designated by these bylaws and that such substitute annual meeting is being held in lieu of and is designated as such annual meeting.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, no notice need be given of the time and place of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 7. Voting Lists. The Secretary shall make, at least ten (10) days before each meeting of members, a complete list of the members entitled to vote at such meeting, or any adjournment thereof. The list shall be arranged in alphabetical order, with the address of each member and shall be kept on file for a period of ten (10) days prior to such meeting, at the registered office of the Association and shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 8. Quorum. The lesser of members owning 10 lots or ten percent of each class of members of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members.

The members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of members, such meeting may be adjourned from time to time by a vote of the majority of the members voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. If the required quorum is not present, another meeting may be called, subject to the notice requirements contained in Section 6.

To the extent that the Declaration requires that a favorable vote of members shall be greater than a simple majority of the required quorum at a meeting in order for such vote to be action of the Association, then the Declaration shall control.

Section 9. Proxies. A member may be voted either in person or by one or more agents authorized by a written proxy executed by the member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specified therein the length of time for which it is to continue in force, or limits its use to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of execution.

Section 10. Voting of Members. Each member of the Association shall be entitled to the voting rights set forth in Article III of the Declaration.

Section 11. Votes Registered. The vote of a majority of the members voting at a meeting of members, duly held at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting except as otherwise provided by law, by these bylaws or by the Declaration.

ARTICLE III

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by its Board of Directors. Without limiting the other powers of the Board of Directors, it shall have the power to establish when the dues and other

assessments payable by members shall be paid, to increase or decrease the amount of such payments in accordance with the Declaration, including the right to establish late charges and interest thereon for late payment. The initial late charge imposed for late payment of any assessment is \$25.00 and shall be charged as to any assessment that is not paid within 30 days of its due date. The initial interest rate for late payment is 18% per year (1.5% per month) which shall commence to accrue on any assessment or other account balance that is not paid within 30 days of the date due. The initial date upon which liens may be filed for failure to make payment of assessments and other charges is 30 days after the due date. The Board of Directors may change the initial late charge, interest rate, due dates and lien assessment dates by majority vote.

Section 2. Number, Tenure and Qualifications. There shall be five members of the Board of Directors. The Board of Directors, before each annual meeting of members, shall determine the number constituting the Board of Directors for the ensuing year.

Prior to the first annual meeting of Directors, the Directors shall be selected by the Class B member. Directors shall be elected at the first annual meeting of the members and at each subsequent annual meeting or adjourned meeting of members (except as herein otherwise provided) for the filling of vacancies, and each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been elected and qualified. Directors shall be elected by a plurality of the votes cast at each election for directors.

Section 3. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum or by the sole remaining director.

Any vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting of members or at a special meeting of members called for that purpose.

Any director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

At a special meeting of members, the members may elect a director to fill any vacancy not filled by the directors.

Section 4. Removal. Any director may be removed at any time with or without cause by a vote of a majority of the members entitled to vote at an election of directors.

Section 5. Chairman of the Board. There may be a Chairman of the Board of Directors elected by the directors from their number at the annual meeting of the Board of

Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

ARTICLE IV

MEETINGS OF DIRECTORS

- Section 1. Organization Meeting. After the filing of the Articles of Incorporation, an organization meeting of the Board of Directors, named in the Articles of Incorporation shall be held, either within or without the State of North Carolina, at a call of majority of the directors, for the purpose of adopting bylaws, electing officers and the transaction of such other business as may come before the meeting. The directors calling the meeting shall give at least three (3) day's notice thereof by mail to each director so named, which notice shall state the time and place of the meeting, unless notice is waived as herein provided.
- Section 2. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of members, The Board of Directors may provide, by resolution, the time and place within the State of North Carolina for the holding of additional regular meetings without other notice than such resolution.
- Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the State of North Carolina as the place for holding any special meeting of the Board of Directors called by them.
- Section 4. Notice. Notice of special meetings of the Board of Directors shall be given to each director not less than two (2) days before the date of the meeting and by any usual means of communications.

Neither the business transaction at, nor the purposes of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

- Section 5. Waiver by Attendance. Attendance of a director at a meeting of the Board of Directors 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.

Section 6. Quorum. A majority of the directors fixed by these bylaws shall constitute a quorum for the transaction of business.

Section 7. Manner of Acting. Except as otherwise provided in these bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE V

OFFICERS

Section 1. Officers of the Association. The officers of the corporation shall consist of a President, a Secretary, Treasurer and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Directors may from time to time elect. The same person may at the same time hold any two of the above-named offices except the offices of President and Secretary or President and Assistant Secretary.

Section 2. Election and Term. The officers of the Association shall be elected by the Board of Directors and each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been elected and qualified.

Section 3. Compensation of Officers. The compensation, if any, of all officers of the Association, shall be fixed by the Board of Directors and no officers shall be paid by the Association unless such compensation be authorized by the Board of Directors. Notwithstanding the foregoing, no employee of the Declarant shall be compensated as an officer of the Association.

Section 4. Removal of Officers and Agents. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

- Section 5. Bonds. The Board of Directors may by resolution require any officer, agent or employee of the corporation to give bond to the Association with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.
- Section 6. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the shareholders. He shall sign, with the Secretary, Assistant Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.
- Section 7. Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may perform such other duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform also such other duties as from time to time may be assigned to him by the President or Board of Directors.
- Section 8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of members of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register containing the name and the post office address of each member which shall be furnished to the Secretary by such member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9. Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President or by the Board of Directors.

Section 10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such depositories as shall be selected in accordance with the provisions of these bylaws; and (b) in general perform all of the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

The Treasurer shall prepare, or cause to be prepared, a true statement of the corporation's assets and liabilities as of the close of each fiscal year, all in reasonable detail which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four (4) months after the end of such fiscal year and thereafter kept available for a period of at least ten years.

Section 11. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents 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 confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the

Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association shall be signed by such officer or officers, agent, or agents of the Association in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed "SEAL"; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Fiscal Year. Unless otherwise fixed by the Board of Directors, the fiscal year of the corporation shall begin on the first day of the January and end on 31st day of December in each year.

Section 3. Amendments. Except as otherwise provided in this section, 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 of Directors.

The Board of Directors shall have no power to adopt a bylaw: (1) requiring more than a majority of members for a quorum at a meeting of members or more than a majority of the votes cast to constitute action by the members, except where higher percentages might be required by law or the Declaration; (2) Classifying and staggering the election of directors; (3) providing for the management of the Association otherwise than by the Board of Directors. No bylaw adopted or amended by the members shall be altered or repealed by the Board of Directors.

Section 4. Provisions of Articles of Incorporation and Declaration. In case of conflict or inconsistency between a provision in these bylaws and a provision in the Articles of Incorporation of the association or the Declaration, the provision of the Articles of Incorporation or Declaration shall govern.

I hereby certify that the foregoing is a true and accurate copy of the BYLAWS adopted by the Board of Directors of Providence Country Club Homeowners Association, Inc. and contains all amendments there to through the date of this certification.

Secretary

Date of Certification

(Affix Corporate Seal)

***** Please note: Original Bylaws are on file at the Association office. Typos and minor errors have been corrected in this copy for ease of reading by the homeowner. Corrected items are noted by shading**

The beginning of Article IV, Section 6 had been left out of the original document, so the Board of Directors added the title and language shown in the shaded area.

**PROVIDENCE COUNTRY CLUB HOMEOWNERS ASSOCIATION, INC.
AMENDMENTS TO BYLAWS**

- Bylaw amendment enacted at the March 11, 1998 Annual Meeting:

Article VII – General Provisions; Section 3. –Amendments is hereby amended to delete the phrase “(2) classifying and staggering election of directors:”

- Bylaw amendment enacted at the March 11, 1998 Annual Meeting:

Article III - Board of Directors; Section 2. -- Number, Tenure and Qualifications is hereby amended to delete the first sentence which says

“There shall be five members of the Board of Directors.” And to replace the phrase at the end of the second sentence which reads “for the ensuing year” with the phrase “and the tenure of each Director.”

- Bylaw amendment enacted at the August 26, 2003 Board of Directors Meeting created a new Article VIII:

**ARTICLE VIII
ARCHITECTURAL CONTROL COMMITTEE**

Section 1. Election. Members of the Architectural Control Committee (herein the “ACC”) shall be elected as set forth in the Declaration.

Section 2. Vacancies. Any vacancy on the ACC shall be filled as follows:

(a) In the event there are two remaining members of the ACC, then such members shall select a candidate to fill the existing vacancy whose name shall be submitted to the Board at its next regularly scheduled meeting for its approval;

(b) In the event the Board refuses to approve the ACC’s recommended replacement, then the ACC shall select another replacement candidate whose name shall be submitted to the Board for approval following the procedures set forth in Section 2 (a) above, which procedures shall be followed until such time as the Board approves a replacement ACC member.

(c) In the event there is only one remaining member of the ACC, or in the event there are two remaining members and they cannot agree upon a candidate for the ACC vacancy, then the Board shall select and approve the ACC replacement members(s) under circumstances whereby the Board seeks the counsel and advice of the remaining member(s) of the ACC before reaching a final decision; provided, the Board shall only be required to give notice to the remaining ACC member(s) of its intent to seek his/their counsel and advice at a regularly scheduled Board meeting, such notice to include the date, time and place of such meeting; in the event the remaining ACC member(s) fail to appear at the scheduled meeting or decline to offer his/their counsel and advice, then the Board shall be deemed to have conclusively complied with these procedures.

Section 3. ACC Chairman. The Chairman of the ACC shall be elected by the members of the ACC at the first regularly scheduled ACC meeting occurring after the meeting at which the ACC is

elected. In the event the elected Chairman is not a member of the Board of Directors, then the Board of Directors shall extend to the Chairman a standing invitation to attend the Board's regularly scheduled meetings for the sole purpose of reporting to the Board of Directors on the activities of the ACC.

Section 4. Special Meetings. Any action which is to be conducted hereunder at a regularly scheduled meeting of the Board may also be conducted at a special meeting of the Board called for that purpose.

- Bylaw amendments enacted at the September 23, 2003 Board of Directors Meeting:

Present Article VII renumbered as Article IX.

Hereafter, Article VII shall read as follows;

ARTICLE VII

MANAGEMENT OF FINANCIAL AFFAIRS

Section 1. Annual Planning and Budgeting Process.

(a) In September of each year, the chairperson of each of the committees of the Board and the Association Manager will prepare a written operating plan for the next calendar year. The plan shall consist of a discussion of:

- (1) The successes of the current year;
- (2) The current and potential future challenges and obstacles facing the committee in carrying out its duties;
- (3) An action plan to overcome the obstacles;
- (4) A prioritized listing of possible opportunities and potential courses of action;
- and
- (5) A listing of actions that will require funding that may be recommended to the Board, including estimates of costs if available.

(b) The committee/association manager operating plans will be presented to the Board annually at its October meeting.

(c) The Treasurer, in conjunction with the Association Management Company, will present to the Board at its October meeting the financial results of the first nine months of the year and an analysis as to current and potential financial issues for the coming year.

(d) The Board will assess the recommendations of the committees and the Association Manager and the analysis of the Treasurer and provide preliminary guidance as to planning for the Operating and Capital Budgets for the next calendar year.

(e) At the November meeting of the Board, the Operating Budget and the Capital Budget for the next calendar year will be finalized and approved.

(f) In accordance with the Covenants, Conditions and Restrictions, the member assessment for the next calendar year will be determined and written notice thereof will be mailed to the members no later than December 1 of each year.

Section 2. Budgeting.

(a) The annual fiscal year financial projection is to be divided into two separate budget types: an Operating Budget and a Capital Budget.

(b) The Capital Budget will consist of all planned expenditures of a tangible nature that create assets of the Association and which have an individual cost of \$1,500 or more or \$10,000 or more program total. Examples include new items such as: signage, lighting, landscaping, buildings, fencing, irrigation systems, etc. Repairs to existing assets will not be included.

(c) The Operating Budget will consist of a projection of all other expenses and a projection of all income.

(d) The Annual Operating Budget is subject to approval by the Board of Directors.

(e) The Annual Capital Budget is subject to approval by both the Board and a majority of the membership voting at an annual or special meeting or by petition.

Section 3. Fiscal Year.

(a) The fiscal year of the Association is the calendar year, January 1 to December 31.

Section 4. Money Management.

(a) The monies of the Association will be maintained in accounts insured by the Federal Deposit Insurance Corporation (FDIC).

(b) No single account, or grouping of accounts in a single financial institution, will exceed the maximum coverage insured by the FDIC.

(c) A reasonable level of monies (no more than approximately three months expected expenditures) will be maintained in an operating demand account.

(d) The balance of Association monies will be maintained in higher interest yielding account(s).

(e) Authorized access to these accounts is limited to:

1. The following personnel of the Association Management Company:

PCCHOA Association Manager
One predetermined backup

2. The following Association officers:

President

Vice President

Treasurer

3. Two authorized individuals, including one officer and one person from the Association Management Company, must sign all checks or bank withdrawals equal to or greater than \$5,000.00.

(f) Separate bank accounts are to be maintained as follows:

1. PCCHOA Operating Checking Account

2. PCCHOA General Reserve Account A

3. PCCHOA General Reserve Account B, if necessary

4. PCCHOA General Reserve Account C, if necessary

5. PCCHOA Special Capital Project Reserve Account I, if necessary

6. PCCHOA Special Capital Project Reserve Account II, if necessary

7. PCCHOA Three Vistas Court Special Reserve Account

8. PCCHOA Lower Shoal Creek Court Special Reserve Account

(g) In order to provide flexibility, the total of all General Reserve Accounts should never be budgeted to exceed \$75,000.00 or to be less than \$50,000.00. Monies collected from a special assessment for a capital expenditure program should be managed from a Special Capital Project Reserve Account. In setting the annual assessment during the budgeting process, the Board of Directors shall take into consideration the requirement that the General Reserve Accounts be maintained at the levels set forth herein.

(h) All invoices received by the Association must be annotated as to their disposition. All invoices approved for payment must have the signature of the approver and the date approved prior to payment.

(i) The Association Manager is authorized to approve all regular invoices that are expected within the projections of the annual operating and capital budgets, with the following exceptions:

1. All invoices from the Association attorney and accountant require the approval of either the President, Vice President, or Treasurer in addition to the Association Manager.

2. All invoices requesting payment of \$1,000.00 or more, except those resulting from approved contracts, require the approval of either the President, Vice President or Treasurer in addition to the Association Manager.

(j) All contracts require the approval of the Board of Directors.

(k) In the case of an immediate need, each member of the Board is authorized to spend up to \$200.00 for reasonable and necessary PCCHOA expenses. A timely accounting is to be made to the Treasurer and receipts presented to the Association Manager for reimbursement. Any expenditure over \$200.00 must have prior Board approval.

Section 5. Accounting and Reporting.

(a) It is the responsibility of the Treasurer and the Board to present the annual Operating and Capital Budgets and the results of the previous year's Operating and Capital Budgets to the membership annually, at the annual meeting or in some other approved, written format.

(b) It is the responsibility of the Treasurer, with the assistance of the Association Management Company, to maintain accurate records of all income and disbursements.

(c) It is the responsibility of the Treasurer, with the assistance of the Association Management Company, to prepare a written report of all income and disbursements to the Board on a monthly basis, no later ~~than~~ 25 days after the close of each month.

(d) It is the responsibility of the Treasurer, with the assistance of the Association Management Company, to ensure that the year-end reports are properly reviewed and signed by a competent accounting professional attesting to the fact that they follow generally accepted accounting principles.

A Formal "Audit" is to be conducted under the following conditions:

At a minimum, every other year and in years in which there is a change in the Association Management Company.

A "Review" is to be conducted in all other years.

The definitions of "Audit" and "Review," as defined in writing by Wayne Rowell, CPA, April 25, 2003, are as follows:

"Review is where we perform inquiry and analytical procedures that provide us with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements for them to be in conformity with generally accepted accounting principles. A review may bring to the accountant's attention significant matters affecting the financial statements, but it does not provide assurance that the accountant will become aware of all significant matters that would be disclosed in an audit."

Audit is the highest level of service provided and as a result is the most expensive. In an audit we study and test internal controls and verify amounts in the financial statements by examining invoices and other supporting documentation. We also confirm bank balances directly with the bank and perform other extensive verification procedures. Audits are not designed to detect fraud although irregularities may show up during the

testing process. If fraud is suspected a fraud audit could be performed which is extensive but very expensive.”

The year-end report is to be presented to the Board no later than 45 days after year-end

(e) It is the responsibility of the Treasurer to periodically review the financial management activities of the Association Management Company to ensure compliance with Board procedures and directives and with generally accepted accounting principles.

(f) It is the responsibility of the Association Management Company to bring to the attention of the Treasurer and to the Board any future plans or current practices that do not appear to comply with generally accepted accounting principles.

(g) It is the responsibility of the treasurer, with the assistance of the Association Management Company, to maintain and, on a monthly basis, to present to the Board a written listing of all members who are 30 or more days delinquent in payment of dues, assessments, penalties, etc.

(h) It is the responsibility of the Treasurer, with the assistance of the Association Management Company, to make recommendations to the Board when the filing of liens against a member is proper, justified and necessary.

- **Bylaw amendment enacted at the September 23, 2003 Board of Directors Meeting to add a new Section 12 to Article II:**

Section 12. Annual Meeting Proposals. In the event a property owner desires to move for the adoption of a proposal at an Annual Meeting of the Association which requires a vote of the membership, then the property owner shall request that the Board of Directors place the matter on the agenda for consideration at the next Annual Meeting, subject to the following terms and conditions:

(a) The request shall be made to the Board of Directors, in writing, on or before November 15 next preceding the Annual Meeting, which proposal shall be set forth in the form of a formal resolution.

(b) The Board of Directors shall either agree or refuse to include the proposed resolution on the Annual Meeting agenda within thirty (30) days of the Board's receipt of the property owner's written request and shall notify the property owner, in writing, of its decision.

(c) In the event the Board refuses to include the proposed resolution on the Annual Meeting agenda, then the property owner may require that the proposal be included as an agenda item by presenting to the Board of Directors a written petition signed by at least ten percent (10%) of the Association's members, which petition shall request that the proposal be included on the Annual Meeting agenda for consideration of the membership. In determining the ten percent (10%)

required hereunder, the signatures of joint owners of a lot shall only be counted as one signature on the required petition.

(d) In all events, the required petition must be presented to the Board of Directors by delivering the same to the President or Secretary of the Association prior to January 15 next preceding the Annual Meeting at which such proposal is intended to be presented for consideration by the membership.

(e) The process provided for herein shall only be effective for the Annual Meeting at which the proposal is requested to be introduced and must be repeated if the property owner desires to seek to have such proposal included in an agenda for any subsequent Annual Meeting.

(f) The process provided herein shall not apply to normal procedural motions, which shall be governed by Robert's Rules of Order.

- **Bylaw amendment enacted at the September 23, 2003 Board of Directors Meeting to add a new Section 6 to Article III:**

Section 6. Nomination Procedures. In addition to the Nominating Committee process, any member of the Association in good standing may place his/her name in nomination to serve as a director and/or Architectural Control Committee member without the support of the Nominating Committee by notifying the Board of Directors, in writing, of his/her intent to be nominated as a director and/or an Architectural Control Committee member at the next Annual Meeting of the membership, subject to the following terms and conditions:

(a) The Board of Directors shall not be required to solicit proxies which could be voted specifically for such member.

(b) The written notice provided for herein shall be filed with the Board of Directors on or before January 15 next preceding the Annual Meeting of the membership, which filing shall be made with the President or the Secretary of the Association.

(c) Any member seeking election under these provisions shall be entitled to present to the members a written statement of his/her qualifications, which statement, or a summary thereof, shall be included with the Association's normal Annual Meeting material and presented on the same basis as that presented for nominees proposed by the Nominating Committee.

- Bylaw amendment enacted at the May 13, 2010 Board of Directors Meeting to Section 4 of Article VII:

Article VII Management of Financial Matters; Section 4 Money Management; is hereby amended by adding the following:

(l) Notwithstanding Article VII section 4 item (k), the President is authorized to spend up to \$1000 on legal counsel without prior Board approval.

(m) Notwithstanding Article VII Section4 item (k), the Chairman of the Landscape Committee is authorized to spend up to \$500 without prior Board approval.