

BY-LAWS
OF
SPRING VALLEY NORTH PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I - CREATION PURPOSES AND MEMBERSHIP

1. PURPOSES.

This non-profit corporation has been created pursuant to Chapter 55A of the North Carolina General Statutes for the purpose of owning, operating and maintaining a well water distribution system to provide water service to Lots Nos. 1 through 12 of Spring Valley Subdivision located in Henderson Township, Vance County, North Carolina, and to formulate and enforce rules and regulations for the use and operation of the same.

2. MEMBERSHIP AND VOTING RIGHTS.

The owners of Lots Nos. 1 through 12 of Spring Valley Subdivision shall be deemed members of the association. Each member shall be entitled to one vote in association affairs for each lot owned, provided, however, the owner of Lots Nos. 2 and 3, and the owner of Lots 11 and 12 shall be limited to only one vote for each pair of lots since those lots are deemed to be combined for purposes of water distribution entitlement.

3. BENEFITS OF MEMBERSHIP.

Each member in good standing shall be entitled to receive water from the water system maintained by the association for each lot owned by such member upon which a dwelling is constructed. For purposes of this paragraph, Lots Nos. 2 and 3 shall be considered as one lot, and Lots Nos 11 through 12 shall be considered as one lot.

4. DUES.

Each member shall pay regular dues to the association of \$5.00 per month for each lot owned (regardless of whether the lot is actively receiving water service), except that the member owning Lots 2 and 3 shall pay dues for only one lot and the owner of Lot Nos. 11 and 12 shall pay dues for only one lot. In addition to regular dues, each member shall pay special dues of ~~\$15.00~~ \$30.00 per month for each dwelling that is actively receiving water service. A member shall be deemed in good standing only if he is current in the payment of his dues. The Board of Directors may increase the monthly dues from time to time as it may deem necessary to carry out the purposes of the association.

5. TRANSFER OF MEMBERSHIP.

A sale or other transfer of title to a lot shall automatically transfer membership in the association to the new owner.

4. * \$30.00 - Water Dues per month. (12/2012)

6. MEMBERSHIP CERTIFICATES.

Each member in good standing shall receive a certificate of membership on a form approved for such purpose by the Board of Directors.

7. TERMINATION OF MEMBERSHIP.

Membership in this association shall immediately terminate without notice upon the failure of the member to pay dues or other fees assessed by the Board of Directors or upon failure of such member to abide by the rules and regulations of the association.

ARTICLE II - MEMBERSHIP MEETINGS

1. ANNUAL MEETING.

The annual meeting of the members shall be held on the 2nd Saturday in September in each year beginning with the year 1991 at a time and place to be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

2. SPECIAL MEETINGS.

Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the directors, and shall be called by the president at the request of 3 members.

3. PLACE OF MEETING.

The Board of Directors may designate any place either within or outside the subdivision as the place of meeting for any annual meeting or for any special meeting called by the directors. A waiver of notice signed by all members entitled to vote at a meeting may designate any place, either within or without the Subdivision, as the place for holding such meeting. 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, which shall be deemed to be the property address of the lot in the Subdivision owned by the president of the Association.

4. NOTICE OF MEETING.

Written or printed notice stating the place, day and hour 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 five

nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or 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 membership roll of the Association, with postage thereon prepaid.

5. QUORUM.

At any meeting of members held with due notice, a majority of the members present at the meeting, represented in person or by proxy, shall constitute a quorum, and the members present may proceed with the election of directors and such other business as may be presented.

6. PROXIES.

At all meetings of members, a member may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting.

7. VOTING.

Each of the members shall be entitled to vote one vote for each lot owned by such member (except as modified under Article I-2), either in person or by proxy. Upon the demand of any member, the vote for directors and upon any question before the meeting shall be by ballot. All elections for directors shall be decided by majority vote.

8. ORDER OF BUSINESS.

The order of business at all meetings of the members, shall be as follows:

1. Roll Call.
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes of preceding meeting.
4. Reports of Officers.
5. Reports of Committees.
6. Election of Directors.
7. Unfinished Business.
8. New Business.

9. INFORMAL ACTION BY MEMBERS.

Unless otherwise provided by law, any action required to be taken at a meeting of the members, or any other action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE III - BOARD OF DIRECTORS

1. GENERAL POWERS.

The business and affairs of the corporation shall be managed by its board of directors. The directors shall in all cases act as a board, and they may adopt such rules and regulations for the conduct of their meetings and the management of the Association, as they may deem proper, not inconsistent with these by-laws and the laws of this State.

2. NUMBER, TENURE AND QUALIFICATIONS.

The directors shall be elected by the membership and all of the directors shall be members of the Association. The number of directors of the Association shall be 3 who shall each serve a term of one year, or until their successors are elected.

3. REGULAR MEETINGS.

A regular meeting of the directors, shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of members. The directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

4. SPECIAL MEETINGS.

Special meetings of the directors may be called by or at the request of the president or any 2 directors. The person or persons authorized to call special meetings of the directors may fix the place for holding any special meeting of the directors called by them.

5. NOTICE.

Notice of any special meeting shall be given at least 2 days previously thereto by verbal communication, either in person or by telephone message, to the home or place of business of each director.

6. QUORUM.

At any meeting of the directors, the presence of a majority of the directors elected shall constitute a quorum for the transaction of

business, but if less than said number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

7. MANNER OF ACTING.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the directors.

8. NEWLY CREATED DIRECTORSHIPS AND VACANCIES.

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the removal of directors without cause may be filled by a vote of a majority of the directors then in office, although less than a quorum exists. Vacancies occurring by reason of the removal of directors without cause shall be filled by vote of the members. A director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his predecessor.

9. REMOVAL OF DIRECTORS.

Any or all of the directors may be removed for cause by vote of the members or by action of the board. Directors may be removed without cause only by vote of the members. Termination of lot ownership in the subdivision by a director shall automatically cause his removal.

10. RESIGNATION.

A director may resign at any time by giving written notice to the board, the president or the secretary of the Association. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

11. COMPENSATION.

No compensation shall be paid to the directors as such for their services, but a director may be reimbursed for any expenses actually incurred by him in the performance of his duties.

12. PRESUMPTION OF ASSENT.

A director of the Association who is present at a meeting of the directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent shall be 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 of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

13. EXECUTIVE AND OTHER COMMITTEES.

The board, by resolution, may designate from among its members an executive committee and other committees. Each such committee shall serve at the pleasure of the board.

ARTICLE IV - OFFICERS

1. NUMBER.

The officers of the Association shall be a president, a secretary and a treasurer, each of whom shall be elected by the directors from members of the Association's board of directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the directors.

2. ELECTION AND TERM OF OFFICE.

The officers of the Association to be elected by the directors shall be elected annually at the first meeting of the directors held after each annual meeting of the members. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

3. REMOVAL.

Any officer or agent elected or appointed by the directors may be removed by the directors whenever in their judgment the best interests of the Association would be served thereby.

4. VACANCIES.

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

5. PRESIDENT.

The president shall be the principal executive officer of the Association and, subject to the control of the 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 members and of the directors. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the directors, certificates of membership of the Association, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the directors or by these by-laws 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 directors from time to time.

6. SECRETARY.

The secretary shall keep the minutes of the members' and of the directors' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these by-laws or as required, be custodian of the Association's records and keep a register of the post office address and telephone number of each member which shall be furnished to the secretary by such member, have general charge of the membership roll of the Association and 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 directors.

7. TREASURER.

If required by the directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with these by-laws and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the directors.

8. SALARIES.

No compensation shall be paid to officers for their services, but by resolution by the board, an officer may be reimbursed for any expenses actually incurred by him in the performance of his duties.

ARTICLE V - CONTRACTS, LOANS, CHECKS AND DEPOSITS

1. CONTRACTS.

The 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.

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 directors. Such authority may be general or confined to specific instances.