

**BYLAWS OF
GRAYS CREEK VILLAS HOMEOWNERS ASSOCTION, INC.**

**ARTICLE I.
BUSINESS ADDRESS**

The business address of the Grays Creek Villas Homeowners Association, Inc. shall be c/o LWS Homes, Inc., 2919 Breezewood Avenue, Suite 202, Fayetteville, North Carolina 28303, Cumberland County. The business address may be changed by the Board of Directors of the Association if required by the U.S. Postal Service, or, upon approval of the membership, for any other reason. The registered office of the Association shall be as stated in the records of the North Carolina Secretary of State.

**ARTICLE II.
MEMBERSHIP IN THE ASSOCIATION**

Every person or entity who is a record owner of a fee or undivided fee interest in any of the Lots in Grays Creek Villas, Phases 3, 4 and certain future phases recorded or to be recorded in the Cumberland County Register of Deeds ("the Grays Creek Villas"), located in Cumberland County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership.

**ARTICLE III.
PURPOSES OF THE ASSOCIATION**

The purposes and duties of the Association shall be:

- A. To manage the certain common areas of the Grays Creek Villas pursuant to the terms and provisions of these Bylaws, any Rules and Regulations promulgated by the Association or its Board of Directors, that Declaration of Covenants of record at Book 7761 Page 585, Cumberland County Registry and that Declaration of Covenants of record at Book 7770 Page 465, Cumberland County Registry (together collectively "the Declarations"), as the same may be amended and / or annexed to from time to time;
- B. To enforce the provisions of these Bylaws, the Rules and Regulations promulgated by the Association or its Board of Directors and the Declarations;
- C. To promote and protect the enjoyment and beneficial use and ownership of all of the Lots ("the Lots").

No part of the net earnings of the Association shall inure to the benefit of its members, the members of its Board of Directors or its officers, or to any other person, except that the

Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV. ASSESSMENTS

The Association shall make and collect assessments against the Lots as stated in the Declarations and any amendments thereto. Neither the Declarant under the Declaration, nor the assigns of its Declarant rights, shall be liable for assessments for any Lots it owns or might acquire.

ARTICLE V. MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Cumberland County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members shall be held during the month of January of each year on any day during that month (except a legal holiday) as determined by the Board of Directors, for the following purposes:

- (a) to ratify or reject the summary of the proposed budget submitted by the Board of Directors pursuant to Article VI below;
- (b) to elect the Board of Directors of the Association; and
- (c) to transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any Rules and Regulations governing the Grays Creek Villas.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors of the Association, or upon the written request of members representing not less than twenty percent (20%) of the votes in the Association.

Section 5. Notice of Meetings. Written notice of the meeting shall be delivered not less than fourteen (14) nor more than thirty (30) days before the date of any members' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record. The notice shall state the time and place of the meeting and shall also state the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal

to remove an Officer/Director. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records of the Cumberland County Tax Collector to determine the addresses of the owner(s) of a Lot. The notice of meeting must state the time and place of the meeting and all items on the agenda for the meeting.

When a meeting is adjourned for thirty 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 days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Rights. On matters of the Association's business submitted to a vote of the membership, the Association shall have two (2) classes of voting membership. Class A members shall be all owners of detached units with the exception of the Developer, as defined in the Declarations, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for each Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot; and in the absence of an agreement between the persons holding the interests in any Lot, the vote for the Lot shall be in the same fractions as the ownership. Class B members shall be the Developer and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership respectively upon the happening of either of the following events, whichever occurs earlier, when the total aggregate votes outstanding of Class A equals the total votes outstanding in the Class B membership or on January 1, 2035.

Section 7. Voting by Proxy. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot owner. If a Lot is owned by more than one person or entity, each owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Lot owner may not revoke a proxy to the person presiding over a meeting of the association. A proxy is void if it is not dated. A proxy terminates one year after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Lot __ containing ___ acres, on all matters submitted to vote at that meeting of Grays Creek Villas Homeowners Association, Inc., to be held on _____, _____. The undersigned hereby ratify and confirm all such votes cast on behalf of said Lot at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said Lot.

This the _____ day of _____, _____.

Section 8. Voting List. At least ten days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof and the votes to which each member is entitled based upon acreage, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors of three (3) individuals, who shall be entitled to act on behalf of the Association. The members of the Board of Directors shall be elected by the membership of the Association at each annual meeting of the members of the Association, to serve until the next annual meeting of the members, and those persons who receive the highest number of votes at a meeting shall be elected. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor.

Section 2. Powers and Duties. The Board of Directors shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not act inconsistent therewith the Declaration. In addition the Board of Directors shall have the following specific powers, duties and responsibilities:

A. The Board will keep a complete record of all of its acts and all affairs of the Association and make the same reasonably available for examination by any member, his agents or mortgagees.

B. The Board will adopt a proposed budget for the Association to be approved or rejected by the membership of the Association at its Annual Meeting. The proposed budget shall be adopted at a meeting of the Board to be held not more than thirty (30) days before the Annual Meeting of the membership of the Association. A summary of the proposed budget, including the amount of any proposed assessments against the Lots, shall be mailed to the membership with the notice of the annual meeting. The proposed budget shall be deemed ratified unless at the meeting more than fifty percent (50%) of the votes are voted to reject it. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the membership ratifies a budget subsequently proposed by the Board of Directors.

C. The Board shall annually promulgate written Rules and Regulations governing the

use and maintenance of all common elements of the Grays Creek Villas, which shall be binding on the owners of all of the Lots, their lessees and guests. The Board shall annually mail copies of the current Rules and Regulations to the owners of all of the Lots.

D. The Board may fine any Lot owner for any single violation of the Declarations, these Bylaws or any Rules and Regulations promulgated by the Board. In such event, the Board shall provide the Lot owner fined an opportunity to be heard before the Board. Multiple fines may be assessed against any Lot owner for multiple violations. Any such fines shall be deemed assessments against the Lot of such owner, and shall be collectable as provided in the Declaration. The terms of this paragraph shall not apply to the Declarant nor to the assigns of its Declarant rights.

E. The Board may contract a management agent to perform and execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board from its fiduciary duty to the Association.

Section 3. Removal of Directors. As provided in the Declaration, any Director appointed by the Declarant can be removed by Declarant at any time and for any reason. Any director otherwise appointed may be removed at any time with or without cause by a vote of at least sixty-seven percent (67%) of the total votes represented in person or by proxy at any meeting of the membership of the Association at which a quorum is present.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of a director, his/her successor shall be selected and appointed either by the Declarant if so appointed or by the remaining members of the Board of Directors to serve until the next meeting of the membership of the Association.

ARTICLE VII. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any member of the Board of Directors may waive notice of any meeting. The attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except where a member of the Board of Directors 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 4. Quorum. Over fifty percent (50%) of the total Owners of the Lots of the Association, present in person or represented by proxy, shall constitute a quorum for the transaction of business at any meeting of the members of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in the Declaration or these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Members of the Board of Directors. Action taken by a majority of the members of the Board of Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the members of the Board of Directors and filed in the book of records of the Association, whether done before or after the action so taken.

Section 7. Committees of the Board. The Board of Directors may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a member of the Board of Directors.

ARTICLE VIII OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice-President, a Secretary, a Treasurer and an Assistant Secretary. The offices of Secretary and Treasurer may be held by the same person; otherwise, no two offices may be held by the same person.

Section 2. Election and Term. The officers of the Association shall be appointed by each newly elected Board of Directors of the Association as soon as practicable after the annual meeting of members at which that Board was elected. Members of the Board shall be eligible to serve as officers of the Association. Each officer shall hold office until his/her death, disability, resignation or removal, or until the appointment of his/her successor by a subsequently elected Board of Directors.

Section 3. 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/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, 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 he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President, together with the Secretary, shall execute any amendments to the Declaration or these Bylaws approved by the membership of the Association.

Section 4. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice President 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, and shall perform such other duties as from time to time may be assigned to him/her

by the President or the Board of Directors.

Section 5. Secretary. The Secretary shall: (a) keep 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 corporate 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) be authorized to certify and oversee the recordation of amendments to the Declaration or these Bylaws on behalf of the Association; (e) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (f) 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/her by the President or by the Board of Directors.

Section 6. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) 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 depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; (c) prepare, execute and deliver certificates of Assessments as provided by Section 12 of the Declaration; and (d) 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/her by the President or by the Board of Directors.

Section 7. Assistant Secretary. In the absence of the Secretary or in the event of his/her death, inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and in so doing shall have all the powers of and be subject to all the restrictions upon the Secretary.

ARTICLE IX. 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 the 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 evidence of indebtedness shall be issued in its name unless authorized by 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 the President or the Treasurer of the Association.

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 XI. INDEMNIFICATION

Any person who at any time serves or has served as an officer and/or member of the Board of Directors of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitrative action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgment, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by this bylaw. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of this bylaw serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

ARTICLE XII. DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to a nonprofit organization with purposes similar to those of the Association, or to any other organization eligible under the provisions of Chapter 55A of the General Statutes of North Carolina. However, in no event shall the residual assets of the Association be distributed in a fashion that terminates the Association's exempt status under Section 528 of the Internal Revenue Code of 1986 or any corresponding sections or provisions of any future United States Internal Revenue law.

ARTICLE XIII. SECTION 528 STATUS

The Association shall elect and shall be managed in such fashion as to maintain tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by an Association electing tax-exempt status under Section

528, or any corresponding sections or provisions of any future United States Internal Revenue law.

ARTICLE XIV.
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. The fiscal year of the Association shall be the calendar year.

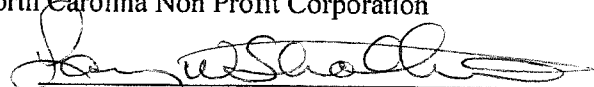
Section 3. Amendments. The members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws by the affirmative vote of at least fifty percent (50%) of the eligible votes, cast in person or by proxy at any meeting of the members of the Association held in accordance with these Bylaws. The Secretary of the Association shall certify in the records of the Association the results of the vote approving and authorizing any such action; however, any such amendment, rescission, repeal or restatement of these Bylaws, or any such adoption of new bylaws, need not be recorded in the Cumberland County Registry to be effective.

Section 4. Conflicts. In the event of any conflict between the terms and provisions of these Bylaws and the terms and provisions of the Declarations, the terms and provisions of the Declarations shall control unless the effect shall be to declare Developer or Declarant liable for assessments or fees of any kind, in which case, the terms of these Bylaws shall control.

Section 5. References to Statutes. All references herein to any statutory provisions shall be construed to include and apply to any subsequent amendments to or replacements of such provisions.

GRAYS CREEK VILLAS HOMEOWNERS
ASSOCIATION, INC.
a North Carolina Non Profit Corporation

BY:



Larry W. Strother, Chairman

STATE OF NORTH CAROLINA
COUNTY OF Hurgett

This 22 day of August 2014, personally came before me _____, a Notary Public of Cumberland County, State of North Carolina, Larry W. Strother, who, being by me duly sworn, says that he is the Chairman of the Grays Creek Villas Homeowners Association, Inc., a North Carolina Non-Profit Corporation, and that said writing was signed and sealed by him on behalf of said corporation by its authority duly given. And the Chairman acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp or seal this 22 day of August, 2014.

Notary Public

My commission expires:

6/3/2019

[NOTARIAL SEAL]

