

BYLAWS
OF
REGENCY LAKE VILLAGE/LAKESIDE FARM DAM
AND LAKE MAINTENANCE ASSOCIATION, INC.

ARTICLE I
Name and Location

The name of the corporation is REGENCY LAKE VILLAGE/LAKESIDE FARM DAM AND LAKE MAINTENANCE ASSOCIATION, INC., hereinafter referred to as "the Association". The principal office of the Association shall be located at 158 Regency Road, Mooresville, North Carolina 28117, or at such other place as the Board of Directors may deem convenient or the affairs of the Association may require, provided that meetings of members and directors may be held at such place and location in the State of North Carolina as may be agreed upon by the majority of the Board of Directors.

ARTICLE II
Definitions

The following words when used in these bylaws (unless the context shall prohibit) shall have the following meaning:

1. "Association" shall mean and refer to REGENCY LAKE VILLAGE/LAKESIDE FARM DAM AND LAKE MAINTENANCE ASSOCIATION, INC., a not-for-profit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns.

2. "The Dam" and "The Lake" shall mean and refer to the private lake and dam which is depicted upon the Plat of those certain subdivisions known as Regency Lake Village Subdivision and Lakeside Farm Subdivision as such is more fully described and depicted upon the respective maps thereof recorded at Plat Book 10, pages 59 and 59A and Plat Book 16, page 21 in the Office of the Register of Deeds of Iredell County, North Carolina, and such other property to which the Association may hold legal title whether in fee or for a term of years, for the non-exclusive use, benefit and enjoyment of the Association subject to the provisions of the Declaration.

3. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for Certain Lots in Regency Lake Village Subdivision and Lakeside Farm Subdivision which is recorded in the Office of the Register of Deeds for Iredell County, North Carolina, together with any supplements or amendments thereto.

4. "Declarants" shall mean and refer to the parties who executed the Declaration.

5. "Lot" shall mean and refer to any and all of Lots 8 through 11, 13 through 19, 22 through 29, and 31 through 41, of

Block F, inclusive, of REGENCY LAKE VILLAGE SUBDIVISION; Lots 1 through 9, inclusive, of LAKESIDE FARM SUBDIVISION, the Owners of which have joined in the Declaration and any other Lots in Regency Lake Village or Lakeside Farm Subdivisions which may hereafter voluntarily or involuntarily become a part of the Association.

6. "Member" shall mean and refer to any person or other entity that holds membership in the Association.

7. "Owner" shall mean and refer to the record owners, whether one or more persons or entities, of the fee interest in any Lot, excluding, however, those parties having such interest merely as a security interest for the performance of an obligation or a leasehold interest.

8. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

9. "Properties" or "Property" shall mean and refer to any and all of the Lots and the Lake and Dam.

10. "REGENCY LAKE VILLAGE" shall mean and refer to that certain residential subdivision known as REGENCY LAKE VILLAGE, a map of which is recorded at Map Book 10, pages 59 and 59A in the Iredell County Registry.

11. "LAKESIDE FARM" shall mean and refer to that certain residential subdivision known as LAKESIDE FARM, a map of which is recorded at Map Book 16, page 21 in the Iredell County Registry.

ARTICLE III Membership

Section 1. Every person or entity who is the Owner of record of a fee interest in any Lot or who is purchasing one or more Lots under a contract or a purchase agreement within the Properties shall be a Member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. The foregoing is not intended to include persons or entities who hold an interest in any Lot merely as as a Lessee or merely as security for the performance of an obligation. Ownership of such Lot shall be the sole qualification for membership. When any Lot is owned of record in joint tenancy or tenancy in common or by some other legal unity, or when two or more persons or other legal entity is purchasing one or more Lots under a contract or agreement of purchase, the membership as to such Lot(s) shall be joint and the right of such membership pertaining to voting powers arising therefrom shall be exercised only as stipulated in Article V hereinbelow.

Section 2. During any period in which a Member shall be in

default in the payment of any annual, special, or other periodic assessment levied by the Association, the voting rights and right to use of the Lake and Dam or any other facilities which the Association may provide may be suspended by the Board of Directors until such assessment is paid. In the event of violation by a Member of any rules or regulations established by the Board of Directors, such Member's voting and use rights may be suspended by the Board after a hearing in which the general requirements of due process shall be observed. Such hearing shall be held by the Board (or a committee thereof) after giving such Member ten (10) days prior written notice specifying each alleged violation and setting the time, place and date of the hearing. Determination of violation shall be made by a majority vote of the Board or the Committee thereof.

Section 3. No membership or initiation fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of the Association, except to pay due charges, assessments and special assessments levied upon each Member's Lot as specified in the Declaration, these Bylaws, or as the Members of the Association may from time to time hereafter adopt.

ARTICLE IV Meeting of Members

Section 1. The first annual meeting of the Members shall be held on or before ninety (90) days from September 1, 1998, or on such date and at such place and time as the annual meeting of the Members shall be held on the same day of the same month of the same year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. If the annual meeting shall not be held on the date designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2. Special meetings of the members may be called at any time by the President or by a majority of the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3) of the votes of the Association.

Section 3. Written notice of meetings 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) days before the date of the meeting either personally or by mail, by or at the direction of the President, the Secretary or the person authorized to call the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U. S. Mail addressed to the Member at his address as it appears on the records of the Association with the postage thereon prepaid.

Section 4. The presence in person or by proxy at the meeting of Members entitled to vote by those entitled to at least one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. A majority of the votes entitled to be cast by the Members present in person or represented by Proxy at such meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the Members. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum as aforesaid shall be present or be represented; provided, however, that when a meeting is adjourned for more than 45 days from the date set forth in the original notice of meeting, notice of adjourned meeting shall be given as in the case of an original meeting.

Section 5. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot within the Properties.

ARTICLE V
Voting and Voting Rights

Section 1. The voting rights of the membership shall be appurtenant to the ownership of the Lot and shall otherwise be as set forth in the Declaration.

A. Ownership of each lot designated as a Lot shall entitle the Owner(s) of said Lot to one (1) vote.

When two or more persons hold an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a lot and in no event shall more than one (1) vote be cast with respect to any Lot.

B. Any Member who is delinquent in the payment of any charges duly levied by the Association against a Lot owned by such Member shall not be entitled to vote until payment of all such charges, together with such reasonable penalties as the Board of Directors of the Association may impose has been made.

C. Members shall vote in person or by proxy executed in writing by the Member. No proxy shall be valid after the eleven (11) months from the date of its execution or upon conveyance by the Member of his Lot. A corporate Member's vote shall be cast by the President of the Member corporation or by any other officer or proxy appointed by the President or

designated by the Board of Directors of such corporation.

D. Voting on all matters (except the election of directors, which shall be by written ballot) shall be by voice vote or by show of hands unless a majority of the Members present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the Members, the solicitation of proxies for such elections may be conducted by mail.

ARTICLE VI
Lake and Dam Property Rights

Section 1. Every Owner (by virtue of membership in the Association) shall have a non-exclusive right and easement of enjoyment in and to the Lake and Dam which shall be appurtenant to and shall pass with the title for every Lot subject to the provisions of the Declaration, the Charter and Bylaws of the Association, and the following:

A. The right of the Association to limit the use of the Lake and Dam to Owners, their families and guests.

B. The right of the Association to suspend the voting and enjoyment rights of any Owner for any period during which any assessment against his Lot remains unpaid, or for any infraction of the Association's published rules and regulations.

C. The rights of the Association to dedicate or transfer all or any part of the Lake and Dam to a public agency, authority, utility or other third party for such purposes.

Section 2. The right and easement of enjoyment granted to every Owner in Section One of this Article may be exercised by members of the Owner's family and an Owner may delegate his rights of enjoyment in the Lake and Dam to his tenants or contract purchasers who occupy the evidence of the Owner within the Properties.

ARTICLE VII
Maintenance Charges

Section 1. Pursuant to the Declaration, each Member is deemed to covenant to pay to the Association: (1) annual assessments or other periodic charges, and (2) special assessments as approved by the Members. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall, to the extent permitted by law, be a continuing lien upon the Lot against which each such assessment is made to secure the payment of said assessments due and to become due. Each such assessment, together with such interest, costs and

reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessments fell due and shall not pass to his successors in title unless expressly assumed by them, which assumption shall not, however, relieve Owner of his personal obligation in event of non-payment.

Section 2. The assessments levied by the Association shall be used to provide funds for such purposes as are for the benefit of the Association and the Owners of Lots within the area overseen and administered by the Association which purpose may include maintenance, landscaping and beautification of the common Areas. Funds may also be used to provide other services to promote the health, safety and welfare of the residents of the community and in particular for the acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Lake and Dam, including but not limited to the costs of repair, replacement and additions thereto; the cost of labor, equipment, materials, management and supervision thereof; the payment of taxes assessed against the Lake and Dam; the procurement and maintenance of insurance; the employment of attorney, accountants and other professionals to represent the Association when necessary or useful; the employment of security personnel to provide any service which is not readily available from any governmental authority; and such other needs as may arise.

Section 3. The maximum annual assessment shall be limited as provided in the Declaration.

Section 4. In addition to the annual assessments authorized above, the Association may levy at any time a special assessment as provided in the Declaration.

Section 5. The annual and special assessments, the date of commencement of annual assessment, and other matters relating to assessments are set forth in the Declaration.

ARTICLE VIII Board of Directors

Section 1. The business and affairs of this Association shall be managed by a Board of Directors which shall consist of not less than Three (3) nor more than Five (5) in number.

Section 2. The first Board of Directors named in the Charter of the Association shall serve for two (2) years. Thereafter, directors shall be elected by ballot at the annual meeting of the Members. Each director shall hold office until his death, resignation, removal, disqualification, or his successor is elected or appointed and qualified. Any vacancy may be filled at any time by a majority of the remaining directors, though less than a quorum, but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of Members called for that purpose.

Section 3. The directors shall act only as a board and the individual directors shall have no power as such. A majority of the directors in office shall constitute a quorum for the transaction of business, by a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice until a quorum be at hand. The act of a majority of directors present at any time at which there is a quorum shall be the act of the Board of Directors.

Section 4. The Board of Directors may, by resolution adopted by a majority thereof, designate one or more committees, each committee to include not less than one (1) director as a member thereof, which committees to the extent provided in said resolution, may have and may exercise, then the Board of Directors is not in session, the powers of the Board of Directors in the management of the affairs of the Association.

Section 5. The Board of Directors shall meet for the transaction of business at such time and place as may be designated from time to time by resolution of the Board. Regular meetings of the Board may not be held without reasonable prior notice to the directors who are then on the Board. Special meetings of the Board of Directors may be called by the President or any two (2) members of the board for any time and place, provided reasonable notice of such meetings shall be given to each member of the Board before the time appointed for such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting and objects thereto to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. The Board of Directors may from time to time determine the order of business at its meetings. At all meetings of the Board, the President, or in his absence, the Chairman chosen by the directors present, shall preside.

Section 7. The Board of Directors, after the close of the fiscal year, shall submit to the Members of the Association, a report as to the condition of the Association and its property and shall submit also an account of the financial transactions of the past year.

Section 8. Subsequent to the time when directors are elected by Member, any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 9. No director shall receive compensation for any service he may render to the Association, provided, however, any

director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 10. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IX
Powers and Duties of the Board of Directors

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

A. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

B. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meeting of the Board of Directors.

C. Enter into agreements with third parties to facilitate efficient operation of the Lake and Dam. It shall be the primary purpose of such agreements to provide for the administration, maintenance and repair, and operation of the Lake and Dam.

D. Employ a manager, an independent contractor or such other employees as the Board deems necessary, and to prescribe their duties, to carry out and accomplish the purposes of the Association.

Section 2. Duties. It shall be the duty of the Board of Directors to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members of the Association.

B. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

C. Send written notice of each assessment to every Member at least thirty (30) days in advance of each annual or special assessment due date.

D. Issue, or cause an appropriate officer to issue,

upon demand by any person a receipt setting forth whether or not any assessment has been paid; a reasonable charge may be made by the Board for the issuance of these certificates and such certificates, if issued, shall be conclusive evidence of payment of any assessment therein stated to have been paid.

E. Cause the Lake and Dam to be maintained.

ARTICLE X Officers and Their Duties

Section 1. The officers of this Association shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers and assistant officers as the Board may from time to time deem necessary. Any two or more offices may be held by the same person, except the offices of President and Secretary and the offices of President and Vice President.

Section 2. The officers of the Association shall be Members thereof. The officers of the Association shall be elected or appointed annually by the Board of Directors, and each shall hold office for one (1) year unless he shall sooner die, resign, or be removed, or otherwise disqualified to serve. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 3. Any officer may be removed from office by the Board with or without cause. An officer may resign at any time by giving written notice to the board, the President or the Secretary. Such resignations shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. A vacancy in any office may be filled in the manner prescribed for regular election or appointment. The officer elected or appointed to such vacancy shall serve for the remainder of the term of the officer he replace.

Section 5. The duties of the officers are as follows:

President

A. The President shall be the chief executive officer of the corporation and shall perform such other duties as from time to time may be assigned to him by the Board; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, promissory notes, easements, maintenance agreements, deeds and other such similar documents; and shall, in general, perform all duties incident to the office of President.

Vice President

B. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

C. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; service notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties required by the Board.

Treasurer

D. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual accounting of the Association's books to be made at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each of the Members.

ARTICLE XI

Indemnification of Officers and Directors

The Association shall indemnify any and all persons who may serve or whom have served at any time as directors or officers of the Association against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlements (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a part, which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or an officer of the Association except in relation to matters as to which any such director or officer or former directors, officer of person shall be adjudged in any action, suit, or proceeding guilty or willful and intentional negligence or misconduct in the performance of his duties to the Association. Provided, however, that in the event of

a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

The provisions hereof shall be in addition to and not exclusive of any and all other rights to which any director or officer may otherwise be entitled under any law, bylaw, agreement, vote of the Association Members or otherwise. In the event of death of the officer or director, the provisions hereof shall extend to their legal heirs, representatives, successors and assigns. The foregoing rights shall be available whether or not such person or persons were in fact directors or officers at the time of incurring or becoming subject to such expenses, and whether or not the proceeding, claim, suit or action is based on matters which antedate the adoption of these Bylaws.

The invalidity or unenforceability of any provision of this Bylaw shall not affect the validity or enforceability of any other provision hereof.

ARTICLE XII
Corporate Seal

A corporate seal shall have engraved thereon the following:

REGENCY LAKE VILLAGE/LAKESIDE FARM
DAM AND LAKE MAINTENANCE ASSOCIATION, INC.
A Non-profit Corporation
S E A L
1997
North Carolina

It shall remain in the custody of the Secretary and shall be by him affixed to all documents requiring the corporate seal for complete execution. An impression of the corporate seal is directed to be affixed to these Bylaws.

ARTICLE XIII
Books and Records

The books, records and papers of the Association shall at all times be subject to inspection by any Member during reasonable business hours. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs.

ARTICLE XIV
Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year, except that the first fiscal year shall begin on the date of

incorporation.

ARTICLE XV
Notice

Any notice required to be given by these Bylaws may be waived by the person entitled thereto before or after the time stated therein. Unless otherwise provided, whenever a matter shall be required by these Bylaws, such notice shall be given in writing, and addressed to the person entitled thereto at his address as the same appears on the books of the Association, the time when such notice is mailed being deemed the time of the giving of such notice.

ARTICLE XVI
Amendments

These Bylaws may be amended at a regular or special meeting of the members of the Board of Directors by a vote of a majority of a quorum of members or directors present in person or by proxy. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVII
Committees

At any meeting of Members, committees may be established for purposes consistent with the Declaration and these Bylaws.

ARTICLE XVIII
Assets: Purpose

No part of the income of the Association shall inure to the benefit of any officer, director or Member of the Association; and upon the dissolution of the Association, the assets thereof shall, after all its liabilities and obligations have been discharged or adequate provisions made therefor, be distributed or conveyed to any association or associations organized for purposes similar to that of the Association, or to a government entity for maintenance.