

AMENDED BY-LAWS
SHALLOWFORD LAKES ASSOCIATION
(as amended at the annual meeting of October, 2000)

ARTICLE I.

MEMBERSHIP

Section 1. Membership in this Association shall consist of family members of any family in which a member owns a developed lot in Shallowford Lakes Development. A developed lot is a lot as to which a development fee, as set by the Board of Directors, has been paid to the Association and a dwelling house has been built thereon.

Section 2. All members of a family living in the same household shall be considered as a single voting member. Each voting member shall have one vote for each developed lot owned in Shallowford Lakes. When more than one person holds an interest in any developed lot, the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any developed lot. The President of the Association shall have the authority to require that such multiple owners of a developed lot file a certificate with the Secretary of the Association, signed by all the owners, designating the person entitled to cast the vote for such lot. Such certificate shall be valid until revoked by a subsequent certificate. If such certificate is not filed when required, the vote of such owners shall not be considered in determining the requirements for a quorum or for any other purpose.

Section 3.

(a) Members shall pay annual assessments as set by the Board of Directors, the same to be due on the first day of each fiscal year and to be paid on or before the first day of January of each year. Annual assessments shall be due and payable irrespective of whether Association facilities are used by a member. Failure to pay annual assessments on or before January 1 of the fiscal year for which such dues are payable, shall subject the member to immediate suspension of privileges. Privileges will be reinstated upon payment of all back assessments and any penalties as dictated by the Board of Directors.

(b)The members shall meet annually during the month of October, at a time, date and place fixed by the Directors. At such meeting the members shall elect directors to serve until the next annual meeting or their successors are elected and qualify and shall transact such other business as may be properly considered by the

members. The members present shall constitute a quorum at any annual or special meeting of members. No member whose assessments and other charges are not fully paid shall be eligible to vote at any regular or special meeting of members until his assessments and other charges have been fully paid. Notice of the time and place of all annual and special meetings of members shall be mailed by the Secretary to each member not less than seven nor more than twenty days before the date of the meeting by regular United States mail. Such notice shall be deemed 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 corporation, postage on such notice to be prepaid.

ARTICLE II.

DIRECTORS

Section 1. The business, property and affairs of the Association shall be managed by a Board of Directors who shall be elected by the members. The Board shall consist of ten (10) persons.

Section 2. The Directors shall be elected annually by the members present at the annual meeting and they shall hold office until the next succeeding annual meeting or until their successors are duly elected and qualify. It shall be the policy of the organization, whenever possible, to retain at least one-third of the members of the Board of Directors, one of which should be the immediate past President, who have had experience on said Board. The procedure of the election shall be as follows: At least twenty days before the annual meeting the President shall appoint a nominating committee of at least three members but no more than five members. The nominating committee report shall be presented to the membership at the annual meeting and the floor shall then be open for further nominations. The ten (10) who receive the highest votes shall be declared elected to the Board.

Section 3. A Director may be removed by the vote of a majority of the members and such vote may be taken at any special meeting of members, notice of which has stated the purpose of such meeting. A successor to fill the unexpired term of such removed Director may be elected at the same or at a subsequent meeting of the members by a majority of the votes cast at such meeting, provided, however, that a quorum is present at any such meeting.

Section 4. All other vacancies occurring in the Board of Directors may be filled by the vote of a majority of Directors, the Director so elected to serve until the next annual meeting or until a successor is elected and qualifies.

Section 5. Membership in the Association shall be a condition of the right to hold office as a Director. Failure of any director to maintain the membership in good standing shall automatically vacate such director's

directorship and a successor shall be elected to fill the unexpired term in the manner prescribed by Section Four of this article. Nothing in these By-laws shall prohibit both a husband and his wife from serving as Directors.

Section 6. The Directors shall establish such rules and regulations as they deem necessary for the best and most orderly use of the Association property.

Section 7. The Board of Directors shall not sell, lease, assign, mortgage, transfer, encumber or in any other way dispose of any of the real property of the Association without the vote of a majority of the general membership present at a general membership meeting.

Section 8. The Directors shall hold an annual meeting during the month of October of each calendar year.

Section 9. Special meetings of the Board of Directors may be called at any time by the President or by any three members of the Board of Directors.

Section 10. Notice of all meetings of Directors may be given to a Director in person, by telephone, by e-mail, or by mail at least three days prior to the date fixed for such meeting. Notice by telephone shall be deemed given when the Director is personally contacted by telephone. Notice by e-mail shall be deemed to be given when sent to the e-mail address as set forth on the Board of Directors roster. Notice by mail shall be deemed given when notice of meeting is placed in the United States mail, postage prepaid, and addressed to the Director at the Director's address as set forth on the membership roster. Notice of special meetings need not state the purpose thereof. By unanimous consent of the Directors, special meetings may be held without notice at any time and place.

Section 11. A quorum for transaction of business at any regular or special meeting of Directors shall consist of three members of the Board of Directors; a majority of those present at any regular or special meeting shall have the power to adjourn the meeting to a future date.

Section 12. Directors shall elect the officers of the Association, such election to be held at the meeting of Directors following the annual meeting of members. Officers may be removed at any time by a majority vote of the Directors and the vacancy thereby created may be filled at the same meeting of Directors or at any subsequent regular or special meeting of Directors by a majority of Directors.

ARTICLE III.

OFFICERS

Section 1. The officers of the Association shall consist of the following: A President, one or more Vice-Presidents, a Secretary and a Treasurer, each of whom shall be elected for a term expiring at the annual meeting of Directors next succeeding their election, and shall hold office until their successors are duly elected and qualify. The Board of Directors shall have full and complete discretion to determine the number of Vice-Presidents and if more than one Vice-President is elected, the Board of Directors shall designate the order in which the Vice-Presidents shall succeed to the office of President. The office of Secretary and Treasurer may be held by one person.

Section 2. The President shall preside at all meetings of Directors and members; shall have general supervision over the affairs of the Association and over the other officers, shall sign written contracts and other legal instruments of the Association and shall perform all such other duties as are incident to the office. In case of the absence or disability of the President, the President's duties shall be performed by the Vice-Presidents in the order of their succession to the duties of the office of President. The President shall be selected from the Board of Directors. The President may appoint such committees as he/she deems necessary.

Section 3. The Vice-President shall perform such duties as may from time to time be assigned by the Directors. In case of the death or disability or absence of the President, the powers and duties of the President shall be vested in and performed by the Vice-President then available first in line to succeed to the office of President. Vice-Presidents shall be selected from the Board of Directors.

Section 4. The Secretary shall issue notices of all meetings of Directors and members and shall attend and keep the minutes of such meetings; shall have charge of all Association books, records and papers; shall be custodian of the corporate seal, and shall attest by signature and impress with the corporate seal all legal instruments of the corporation and shall perform all such other duties as are incident to the office.

Section 5. The Treasurer shall have custody of all money, funds, and property of the Association and shall give bond in such sum and with such sureties as the Directors may require, conditioned upon the faithful performance of the duties of the office, shall keep regular books of account, and shall submit them together with all vouchers, receipts and records and other papers to the Directors for their examination and approval as often as they may require and shall perform all such other duties as are incident to the office.

ARTICLE IV.

DEPOSITORY OF FUNDS

Funds of the Association shall be deposited in such depository or depositories as the Directors may from time to time determine and shall be withdrawn in such manner and upon the signatures of such officers as the Directors shall from time to time determine.

ARTICLE V.

FISCAL YEAR

The fiscal year of the Association shall begin on October 1, and end on September 30 of each year until and unless changed by the Directors.

ARTICLE VI.

CORPORATE SEAL

The seal affixed on the margin of this page of the By-laws is hereby adopted as the seal of the Association.

ARTICLE VII.

ANNUAL REVIEW

The regular books of the account of the Association shall be reviewed each year prior to the annual meeting by a reputable certified public accounting firm or by a committee appointed by the President.

ARTICLE VIII.

PROXY VOTING

A member as defined herein may vote by proxy. No member may be allowed to vote more than five proxies. The Secretary will provide the form for this proxy. The proxy shall be filed with the Secretary of the Association.

ARTICLE IX.

AMENDMENTS

These By-laws may be amended, at a regular or special meeting of the members, by a majority of the votes cast at such meeting.

CERTIFICATION

I, the undersigned, do hereby certify;

That I am the duly elected and acting President of the Shallowford Lakes Association, a North Carolina corporation, and

That the foregoing Amended By-laws were duly adopted at a meeting of the Association held on the 29th day of October, 2000.

CORPORATE SEAL



President