

**BYLAWS
OF
MALLARD TRACE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

Section 1. Name. The name of the corporation is MALLARD TRACE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association".

Section 2. Location. The principal office of the corporation shall be located in Mecklenburg County, North Carolina, or as determined by the Association. The registered office of the Association may be, but need not be, identical with the principal office.

**ARTICLE II
DEFINITIONS**

All capitalized, undefined terms used in these Bylaws shall have the meaning ascribed thereto in the Declaration of Covenants, Conditions and Restrictions for Mallard Trace, recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina.

**ARTICLE III
MEETING OF MEMBERS AND VOTING RIGHTS**

Section 1. Annual Meeting. All regular annual meetings of the Members shall be held in the same month of each year and at such time and place as the Board of Directors may prescribe.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or a majority of the Board of Directors, or upon written request of the Members who are entitled to vote ten (10%) percent of all the votes appurtenant to the Lots.

Section 3. Place of Meetings. All meetings of the Members shall be held at such a place as shall be determined by the Board of Directors of the Association.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days before the date of such meeting to each Member entitled to

vote at the meeting, addressed to the Member's address last appearing on the records of the Association, or supplied by such Member to the Association in writing for the purpose of notice.

Notice of any meeting can also be given by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by each Member entitled to vote at the meeting. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal inclusive of removal of a director or officer.

If an annual, regular, or special meeting of members is adjourned to a different date, time, or place, notice for the rescheduled meeting that was adjourned, shall be given as stated under this section to the members of record entitled to vote at the meeting as of the new date.

Section 5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty (20%) percent of the votes appurtenant to the Lots shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. Once a member is represented for any purpose at a meeting, the Member is deemed present for quorum purposes for the remainder of the meeting, whether or not that person remains present, and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be: 1) adjourned to a later date with Notice as required in Section 4 of this Article; or 2) adjourned to a later time that same date with no Notice by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Declaration, the quorum requirement at the next meeting shall be one half (1/2) of the quorum requirement applicable to the meeting adjourned for lack of a quorum.

Section 6. Voting. The voting rights of the Membership shall be appurtenant to the ownership of Lots. Each Lot is entitled to one vote.

Voting rights may be suspended by the Board of Directors, to any Owner not in compliance with the Declaration, Bylaws, or Rules and Regulations of the Association, after notice and opportunity to be heard prior to such suspension.

The vote of a majority of the votes appurtenant to the Lots represented in person or by proxy at a meeting at which a quorum is present shall be necessary for adoption of any matter voted upon by the Members unless a different proportion is required by the Declaration, the Articles of Incorporation, these Bylaws or by law, in that order.

No votes allocated to a Lot owned by the Association may be cast.

Section 7. Proxies. 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 and the proxy shall be specific to that meeting unless otherwise stated in the proxy. If a proxy identifies a specific meeting, the proxy shall terminate after that intended meeting. A Lot owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association, or by being in attendance at such meeting. A proxy is void if it is not signed and dated by the Owner of the Lot and must state property address. A proxy terminates 11 months after its date, unless it specifies a shorter term, and shall otherwise automatically cease upon conveyance by the Member of his Lot.

Section 8. Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 9. Action without Meeting. Any action which may be taken at any annual, regular, or special meeting of the Members may be taken without a meeting by written consent although must be approved by one hundred (100) percent of the Members entitled to vote.

Action by written consent shall be evidenced by one or more written consents describing the action taken, signed before or after the taking of such action by all Members entitled to vote thereon and filed with the Secretary of the Association to be kept in the Association's minute book.

Action may be taken by written ballot if the Association delivers a written ballot to every Member entitled to vote on the matter. All solicitations for votes by written ballot shall indicate the time by which a ballot shall be received by the Association in order to be counted.

A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter if a meeting were held.

Notwithstanding provisions in the Declaration or Articles of Incorporation, written ballots and written consents shall not be revocable.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The business and affairs of the Association shall be managed by a Board of Directors comprised of maximum of five (5) persons. The number of Directors may be increased from time to time only by amendment to these Bylaws.

Section 2. Qualifications. Directors shall be Members of Association in good standing. Members serving as Directors must be in compliance with the requirements of the Declaration, Bylaws and Rules and Regulations of the Association.

Section 3. Election and Term of Office. Members of the Association shall elect Directors from the Membership for a term of three (3) years each, such terms will be staggered. Nominations may be made in writing and given to the Secretary, or may also be made from the Membership from the floor at a meeting. A Nominating Committee may also be appointed by the Board of Directors. Directors shall be elected at the annual meeting of the members by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration permitted. Each Director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by the 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. The Members through a Special Meeting as described in Article III Section 2 may be called for the purpose of electing a Director at any time to fill any vacancy not filled by the Directors.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Bonds. The Board of Directors may by resolution require any or all officers, agents, or employees of the Association to give a bond to the Association with sufficient sureties conditioned on the faithful performance of the duties of their respective offices or positions and to comply with such other conditions as may from time to time be required by the Board of Directors.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at a minimum, without notice, as such place and hour as may be fixed from time to time by the resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director. Notice can be sent by any usual means of communication, including U.S. Mail, e-mail or facsimile.

Section 3. Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if person entitled to cast fifty-one (51%) percent of the votes on the Board are present at the beginning of the meeting.

Section 4. Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors and serve until a new President is elected.

Section 6. Liability of the Board. The members of the Board of Directors shall not be liable to the Members for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Members shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association.

Section 7. Parliamentary Procedures. At all meetings, "Roberts Rules of Order, Revised" shall govern for any questions of procedure not covered by the Bylaws.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish Rules and Regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association; or for infraction of published Rules and Regulations; after notice and hearing as permitted by North Carolina Law.

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) 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 meetings of the Board of Directors;

(e) employ a manager or management company, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties. In the event a contract is entered into with a management company, such contract must be terminable by the Board or under North Carolina Planned Community Laws.

(f) employ attorneys to represent the Association when deemed necessary, including but not limited to, the collection of any unpaid assessment as allowed in the Declaration or under North Carolina Planned Community Laws.

(g) grant easements for the installation and maintenance of sewage, utilities or drainage facilities upon, over, under and across the Common Area without the assent of the Membership when such easements are requisite for the convenient use and enjoyment of the Properties; and

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient.

Such powers may not be delegated to other persons or to a managing agent.

Section 2. Duties. It shall be the duty of the Board of Directors, without limitation, 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 Members entitled to at least ten (10%) percent of the votes appurtenant to the Lots;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid;

(d) procure and maintain adequate liability insurance covering the Association and the Directors and officers thereof, and any adequate hazard insurance on the property owned by the Association;

(e) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(f) cause the Common Area to be maintained;

(g) to perform such other duties as may be set forth in the Declaration and in Chapter 47F of the North Carolina General Statutes setting forth the provisions of the North Carolina Planned Community Act, inclusive of collection of assessments.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of all officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. Each officer of the Association shall hold office for one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4. Special Appointments. 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 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President **or** the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The officers shall be as listed in Section 9 of Article VII of these Bylaws. Any offices may be held by the same person, except for the offices of President and Secretary.

Section 8. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 9. Duties. The duties of the officers are as follows:

(a) President. The President shall be the principal executive officer of the Association and subject to the direction of the Board, shall supervise and work together with the Board with regards to the management of the Association. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments shall co-sign all check with the Treasurer (only if there is not a managing agent in place with that authority) and promissory notes and shall ensure the preparation, certification and recording of amendments to the Declaration by undertaking these responsibilities personally or delegating these duties to another officer.

(b) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve 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 shall perform such other duties as required by the Board (including, without limitation, joining in the execution of legal documents requiring a full corporate execution, such as deeds, deeds of trust, amendments to the Declaration, etc.).

(c) Treasurer. 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; keep a monthly accounting of the Association income and expenses to report to the Board; shall co-sign all checks with the President (only if there is not a managing agent in place with that authority) and promissory notes of the Association; keep proper books of account; cause annual taxes to be prepared by a certified public accountant; bring a Motion forward to the Board of Directors on the issue of an annual audit or review of the Association books to be voted upon by the Board at the completion of each fiscal year; be aggressive in causing any delinquent homeowner accounts to be collected as stated in the Delinquency Policy of the Association and the Declaration; 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 to the Members. Such duties may not be delegated to other persons (unless assistant officers are appointed or elected, which is specifically permitted hereby) or to a managing agent.

ARTICLE VIII

COMMITTEES

A Nominating Committee and an Architectural Committee may be appointed by the Board of Directors to assist in executing the intent of these Bylaws and the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. 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 cost.

ARTICLE X

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments, which are not paid when due, shall be delinquent. If the assessment is not paid within thirty (30) days after the due date the assessment shall bear interest from the date of delinquency at the rate established in the Declaration, and the Association may bring an action at law against the Member personally obligated to pay the same or foreclose the lien against the property described in the Declaration. Interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: MALLARD TRACE HOMEOWNERS ASSOCIATION, INC., MECKLENBURG COUNTY, NORTH CAROLINA, 1986.

ARTICLE XII **AMENDMENTS**

Section 1. Amendments. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of the votes appurtenant to the Lots represented in person or by proxy at a meeting at which quorum is present.

Section 2. Control. 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 XIII **MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Dissolution. The Association may be dissolved only upon the signed written assent of the Members entitled to not less than eighty (80%) percent of the votes appurtenant to each Class of Lot. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be allocated in accordance with the Dissolution Plan of the Association.

ARTICLE XIV **INDEMNIFICATION OF DIRECTORS,** **OFFICERS AND OTHERS**

The Association shall indemnify any Director or officer or former Director or officer of the Association or any person who may have served at the request of the Association as a Director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnification may be entitled under any statute, bylaw, agreement, vote of Members or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and

shall continue as to a person who has ceased to be a director, officer, employee or agent and shall insure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification, (i) under any policy of insurance purchased and maintained on his behalf by the Association, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article, or elsewhere in these Bylaws, shall operate to indemnify any Director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

The foregoing was adopted as Bylaws of Mallard Trace Homeowners Association, Inc. a non-profit corporation, under the laws of the state of North Carolina effective this 18 day of January, 2007.

By: M. R. McMillin

Name: Michael R. McMillin

Title: President MTHA