

MINUTES OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS OF
MADISON PLACE AT MASONBORO WOODS
HOMEOWNERS ASSOCIATION, INC.

The organizational meeting of the Board of Directors of MADISON PLACE AT MASONBORO WOODS HOMEOWNERS ASSOCIATION, INC. was held at 5710 Oleander Drive, Suite 112, Wilmington, North Carolina, 28403, on the 21 day of October, 2004 at 10:00 a./p.m.

The Directors named in the Articles of Incorporation were present and they designated Maurice S. Emmart, Jr. to serve as Chairman of the meeting and William T. Emmart, was elected Secretary of the meeting and recorded the minutes of the meeting.

The Secretary presented and read to the meeting a written Waiver of Notice duly signed by all of the Directors, which Waiver of Notice was ordered affixed to these Minutes.

The Chairman then presented and read to the meeting a proposed Code of By-Laws for the government and regulation of the business affairs of the corporation.

Upon motion duly made and seconded, it was unanimously:

"RESOLVED, that the Code of By-Laws presented at this meeting be, and the same are hereby adopted as and for the By-Laws of this corporation, and a copy of said By-Laws shall be inserted in the minutes of this corporation."

The Chairman then stated that since the corporation did not have Shareholders, it was not necessary to adopt a form of stock certificate.

The Chairman stated that a majority of the Directors was present and that it was in order to proceed to the election of officers. Nominations having been duly made and seconded and nominations having been duly closed, the following named persons were elected to the office set opposite their respective names to hold office until they resign or until the next annual meeting of the Board of Directors of this corporation and until their successors shall be duly elected and qualified:

Maurice S. Emmart, Jr. - President

William T. Emmart - Secretary

The Chairman noted that it was in order to designate a depository for the funds of the corporation.

Upon motion duly made and seconded, it was unanimously:

"RESOLVED, that _____, _____, North Carolina, be and it is hereby designated as the depository for the account of the corporation and that funds so deposited may be withdrawn on or by check or draft drawn on this corporation and signed by its President or the Secretary".

The Chairman then stated that it was in order to establish the fiscal year of the corporation.

Upon motion duly made and seconded, it was unanimously:

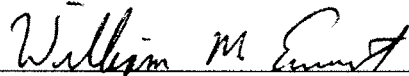
"RESOLVED, that until further order from the Board of Directors of this corporation, the fiscal year of the corporation shall end on December 31, of each year".

The Chairman next pointed out that the corporation had been duly organized, and proposed that the Officers be authorized to commence business on behalf of the corporation.

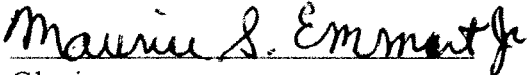
Thereafter, upon motion duly made and seconded, it was unanimously:

"RESOLVED, that the Officers of the corporation be and they are hereby authorized and directed to do and perform all acts and things necessary or appropriate to commence and carry out the corporation as set forth in the Articles of Incorporation".

There being no further business to come before the meeting, the same, upon motion duly made and seconded, adjourned.


Secretary

APPROVED:


Chairman

RESIGNATION OF BOARD OF DIRECTORS
MADISON PLACE AT MASONBORO WOODS
HOMEOWNERS ASSOCIATION, INC.

We, being all of the members of the Board of Directors for Madison Place at
Masonboro Woods Homeowners Association, Inc., do hereby resign effective this 21st
day of October, 2004.

 (SEAL)
MAURICE S. EMMART, JR.

 (SEAL)
BILLY EMMART

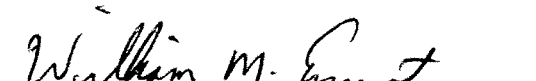
 (SEAL)
MARK EMMART


WAIVER OF NOTICE
OF THE
ORGANIZATIONAL MEETING OF
MADISON PLACE AT MASONBORO WOODS
HOMEOWNERS ASSOCIATION, INC.

The undersigned, being the Directors of the above-named corporation, as set forth in the corporate charter, do hereby waive notice of the time and place of the organizational meeting of the Directors of said corporation and do hereby affix 10:00 a.m./~~p.m.~~ on the 21st day of October, 2004, at 5710 Oleander Drive, Suite 112, Wilmington, North Carolina, as the time and place for such meeting and the undersigned do agree that at said meeting the Director(s) may elect officers and transact such other business as said Director(s) may consider necessary and proper for the organization of the corporation.

This the 21st day of October, 2004.


Maurice S. Emmart, Jr.


William ~~S.~~_{m.} Emmart


Mark Emmart

BY-LAWS
OF
MADISON PLACE AT MASONBORO WOODS
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.
General Provisions

SECTION 1. - IDENTITY: These are the By-laws of MADISON PLACE AT MASONBORO WOODS HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation organized pursuant to the laws of the State of North Carolina.

SECTION 2. - DEFINITIONS:

SECTION 2.1 - "Association" shall mean and refer to MADISON PLACE AT MASONBORO WOODS HOMEOWNERS ASSOCIATION, INC., a non-profit corporation formed or to be formed by the Declarant primarily as an association for the lot owners in all sections or phases of Madison Place at Masonboro Woods, or its successors and assigns.

SECTION 2.2 - "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association. Notwithstanding, Properties shall not mean any amenities or real property subject to the jurisdiction of Masonboro Woods Amenities Association.

SECTION 2.3 - "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of New Hanover County.

SECTION 2.4 - "Common Area" shall be defined as set forth in the Declaration.

SECTION 2.5 - "Lot" shall be defined as set forth in the Declaration.

SECTION 2.6 - "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including

contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 2.7 - "Declarant" shall mean and refer to Maurice S. Emmart, Jr., his successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development. "Undeveloped Lot" shall mean a lot which has not been subdivided or platted for sale or building purposes.

SECTION 2.8 - "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

SECTION 2.9 - "By-laws" shall mean and refer to the By-laws set forth in this instrument for MADISON PLACE AT MASONBORO WOODS HOMEOWNERS ASSOCIATION, INC.

SECTION 2.10 - "Board of Directors" shall mean and refer to the Board of Directors provided for in ARTICLE III of these By-laws.

SECTION 3. - INCORPORATION: The provisions of these By-laws supplement and are enacted pursuant to the provisions of the Articles of Incorporation of MADISON PLACE AT MASONBORO WOODS HOMEOWNERS ASSOCIATION, INC. ("Articles of Incorporation") and that certain Declaration of Covenants, Conditions and Restrictions applicable to that residential development more particularly described as follows:

MADISON PLACE AT MASONBORO WOODS, including all future sections, located in New Hanover County, North Carolina, as shown on plats recorded in the New Hanover County Registry, in Map Book 38 at Page 277, Map Book 38 at Page 278, Map Book 39 at Page 66, Map Book 39 at Page 327, Map Book 40 at Page 5, Map Book 40 at Page 51, Map Book 40 at Page 315, Map Book 42 at Page 230, Map Book 43 at Page 386, and Map Book 44 at Page 105 made a part hereof, and incorporated herein by reference.

The provisions of said Declarations recorded in Book 2624 at Page 724, Book 3826 at Page 412 and Book 3763 at Page 159 of the New Hanover County Registry and any amendment of the same are incorporated herein and made a part hereof as if fully set forth.

SECTION 4. - APPLICATION: These By-laws shall, in conjunction with the above referenced Articles of Incorporation and Declaration, govern the affairs, rights, privileges, duties and obligations of the Association and all owners, Lessees and occupants of all lots, and all others who may use or enjoy any of the property known as MADISON PLACE AT MASONBORO WOODS, all sections or phases, and the acceptance of a Deed for or conveyance of, or the succeeding to title to, or the entering into a lease for, or the actual occupancy of, or use of a lot or undeveloped area, the common area or any of the improvements thereon by any of the above shall constitute an acceptance by the same of the provisions of these By-laws, the Rules and Regulations enacted pursuant hereto, if any, and the provisions of the hereinabove referenced Declaration, and an agreement to comply and abide by the same.

SECTION 5. - PRINCIPAL OFFICE: The principal office of the Association and of the Board of Directors shall be located at 100 Aqua Vista Drive, Wilmington, New Hanover County, North Carolina 28409.

ARTICLE II.
Membership

SECTION 1. - MEMBERSHIP: Each membership shall be appurtenant to and shall not be severed from the fee simple ownership of a lot or other real property within the development. The rights, duties, obligations, powers and privileges appurtenant to each membership shall be exercised by the fee simple owner of the lot to which such membership is appurtenant. Any devise, contract for the sale of, Deed, or other means of conveyance of any lot within the development shall be deemed to include the appurtenant membership in the Association. No portion of the rights, privileges, powers, duties or obligations appurtenant to each membership in the Association may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the lot to which such membership is appurtenant.

SECTION 2. - RECORDS: The Secretary of the Association shall maintain at the principal office of the Association a register of all of the current owners of memberships in the Association and the mailing address of each owner.

SECTION 3. - VOTING RIGHTS: Each Member shall be entitled to vote as set forth in the Declaration. When more than one person holds an interest in any lot or unit, all such persons shall be members. The vote for such lot or unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot or unit except as provided in the Declaration.

SECTION 4. - MORTGAGEES AND TRUSTEES UNDER DEEDS OF TRUST: In the event that any lot is conveyed by mortgage or by Deed of Trust, then the rights, duties, obligations, powers and privileges appurtenant to the membership appurtenant to such lot shall be exercised by the owner of the equity in the lot, and not by the mortgagee under any mortgage or the trustee or beneficiary under any Deed of Trust against such lot.

SECTION 5. - ANNUAL MEETINGS: Subject to the provisions of Article VI of these By-laws, the annual meetings of the Association shall be held in October of each succeeding year. The purpose of the annual meeting shall be for the election of the Directors of the Association for the succeeding year and for the transaction of any and all business of the Association as may properly come before the meeting.

SECTION 6. - SPECIAL MEETINGS: It shall be the duty of the President to call a special meeting of the membership if so directed by resolution of the Board of Directors or upon a petition calling for a special meeting presented to the Secretary of the Association and signed by at least twenty-five (25%) of the owners of memberships in the Association. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

SECTION 7. - NOTICE OF MEETINGS: Written notice of any meeting called for the purpose of taking any action shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. If a subsequent meeting is required, it shall not be held more than 60 days following the preceding meeting.

SECTION 8. - QUORUM: At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent

(60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the notice requirements outlined in Section 7, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the membership, except when approval by a greater number of members is required by the Declaration, these By-laws or by law. Provided, however, that so long as there are Class B memberships then no act prejudicial to the Declarant shall be valid or binding on the Declarant without the Declarant's consent.

SECTION 9. - PROXIES: The vote appurtenant to each membership may be cast by the person designated as entitled to cast such vote by proxy. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner of the membership to which said vote is appurtenant. Such proxy shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or any adjournment of such meeting.

SECTION 10. - PLACE OF MEETINGS: Meetings of the Association's membership shall be held at the principal office of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

SECTION 11. - ORDER OF BUSINESS: The order of business at all meetings of the Association shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of Board of Directors; (f) reports of committees; (g) election of members to the Board of Directors, if necessary; (h) unfinished business; (i) new business; and (j) adjournment.

ARTICLE III.
Board of Directors

The property, affairs and business of the Association shall be managed by the Declarant until such time as 90% of all lots in all sections have been sold and conveyed by Declarant or until December 31, 2006, whichever occurs first. Thereafter, the property,

affairs and business of the Association shall be managed by the Board of Directors; provided, however, that THE PROVISIONS OF THIS ARTICLE ARE SUBJECT TO THE PROVISIONS OF ARTICLE V OF THESE By-laws.

SECTION 1. - NUMBER, TERM OF OFFICE AND QUALIFICATIONS: The number constituting the Board of Directors shall not be fewer than three (3) nor more than five (5). The Directors shall initially be elected to serve staggered terms, i.e., one for three years, one for two years, one for one year, etc., and they shall serve until their successors shall be elected and shall qualify. Thereafter, each Director shall be elected for a term of two (2) years.

SECTION 2. - ELECTION OF DIRECTORS: The election of the Board of Directors shall be conducted in the following manner: (a) election of Directors shall be held at the annual meeting of the membership; (b) nominations for Directorships shall be made from the floor by the membership or by the Board of Directors; (c) the election shall be by written ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person representing a membership entitled to vote being entitled to cast one (1) vote for each of as many vacancies as there are Directorships to be filled except as may be provided in the Declaration. There shall be no cumulative voting.

SECTION 3. - REMOVAL OF DIRECTORS: Any Director may be removed by the vote of a majority of the membership of the Association present at a special meeting of the membership called for the consideration of such removal. The vacancy in the Board of Directors so created shall be filled by a majority of the members of the Association present at the same meeting.

SECTION 4. - REGULAR MEETINGS: Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors. Notice of the regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by personal delivery, mail or telegraph, at least five (5) business days prior to the day named for such meetings.

SECTION 5. - SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by the President, Secretary or any Board member of the Association on five (5) business days notice to each

member of the Board of Directors, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting.

SECTION 6. - WAIVER OF NOTICE: Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 7. - QUORUM: At all meetings of the Board of Directors a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at such a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called, may be transacted without further notice.

SECTION 8. - COMPENSATION: No member of the Board of Directors shall receive any compensation from the Association for acting as such.

SECTION 9. - JOINDER IN MEETING BY APPROVAL OF MINUTES: The joinder of a Director in the action of a meeting by signing and concurring with the minutes of that meeting shall constitute the presence of such Director at such meeting for the purpose of determining a quorum.

SECTION 10. - PRESIDING OFFICER AT DIRECTORS' MEETINGS: The presiding officer of a Directors' meeting shall be the President of the Association. In the absence of the President and Vice President the Directors present shall designate one (1) of their number to preside.

SECTION 11. - ORDER OF BUSINESS AT DIRECTORS' MEETINGS: The order of business at Directors' meetings shall be: (a) the calling

of the roll; (b) the proof of due notice of the meeting; (c) reading and disposal of any unapproved minutes; (d) the reports of officers and committees; (e) the election of officers; (f) unfinished business; (g) new business; and (h) adjournment.

SECTION 12. - POWERS AND DUTIES: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association except such powers and duties as by law or by these By-laws may not be delegated to the Board of Directors by the membership of the Association. The powers and duties to be exercised and performed by the Board of Directors shall include, but shall not be limited to, the following:

a. the management, operation, care, upkeep, repair, replacement and maintenance of the common area and the improvements thereon;

b. the determination of the amounts required for the management, operation, maintenance, care and upkeep of the common area and the improvements thereto, and the amounts required for the general operation of the Association;

c. the levying and collection of the assessments from the membership owners as provided in the Declaration, and more specifically set forth as follows:

(1) upon transfer of ownership from the Declarant to Owner, working capital of \$50.00 to be collected;

(2) quarterly payments will be due and owing for each quarter thereafter on January 1, April 1, July 1 and October 1;

(3) property transfers occurring within a quarter shall have dues assessed for that quarter on a pro rata basis.

d. the employment and dismissal of personnel, including professional services, as necessary for the efficient maintenance of the development and operation of the Association;

e. the adoption and the amendment of rules and regulations governing the operation of the Association and the use and enjoyment of the lots and the common area;

f. the opening and maintaining of bank accounts on behalf of the Association and designating the signatories required therefor;

g. the purchasing, leasing or otherwise acquiring in the name of the Association or its designee, corporate or otherwise, on behalf of all members of the Association, any lots offered for sale or lease;

h. the purchasing and maintaining of insurance as provided in the Declaration for the common area and the improvements thereto pursuant to the provisions of these By-laws;

i. the making of repairs, maintenance, additions and improvements to, or alterations of, the property, and repairs to and restoration of the property, in accordance with the other provisions of these By-laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

j. the appointing of committees to be composed of members of the Association to aid in governance of the Association in such numbers and for such specific purposes as the Board may determine necessary and proper;

k. the adoption of a seal for the Association;

l. the enforcing of the obligations of the members of the Association, allocating income and expenses of the Association and doing anything and everything else necessary and proper for the sound management of the Association;

m. the levying of fines or expenses against the members of the Association for violations of the Declaration, these By-laws, or rules and regulations as set forth in the Declaration;

n. the borrowing of money if necessary on behalf of the Association when required in connection with the operation, care, upkeep or maintenance of the common area and the improvements thereon; PROVIDED, HOWEVER, that (i) except for borrowing funds to purchase insurance, the consent of at least two-thirds (2/3) of the members, obtained at a special called meeting duly called and held for such purpose in accordance with the provisions of these By-

laws, shall be required for the borrowing of any sum in excess of \$2,500.00, (ii) no lien to secure payment of any sum borrowed may be created or on any of the common area or the improvements thereon without the consent of at least two-thirds (2/3) of the members, obtained at a special called meeting duly called and held for such purpose in accordance with the provisions of these By-laws, and (iii) the owner of any lot will not be liable for payment of any portion of any such loans.

o. the performance of any necessary matters set forth in the Declaration or amendments thereof.

p. notwithstanding any language to the contrary herein, the areas within Masonboro Woods to be maintained and preserved herein shall not include areas specifically designated to be maintained and preserved by Masonboro Woods Amenities Association.

q. elect one of the members of the Board of Directors of the Association to serve on the Board of Directors of Masonboro Woods Amenities Association.

SECTION 13. - LIABILITY OF THE BOARD OF DIRECTORS: The members of the Board of Directors shall not be liable to the Association or any of its members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Articles of Incorporation, the Declaration or these By-laws. 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. It is also intended that the liability of any member of the Association arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportions of the total liability thereunder as his interest in the Association bears to the interest of all members of the Association in the Association. Every agreement made by the Board of Directors on behalf of the Association shall provide that the members of the Board of Directors are acting only as agents for the Association

and shall have no personal liability thereunder (except as members of the Association), and that each member of the Association's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Association bears to the interest of all members in the Association.

SECTION 14. - FIDELITY BONDS: The Board of Directors may obtain fidelity bonds as provided in the Declaration.

ARTICLE IV.
Officers

SECTION 1. - DESIGNATION: The principal officers of the Association shall be the President, the Secretary and such Vice Presidents, if any, and a Treasurer, if any, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as in its judgment may be necessary. The President must be a member of the Board of Directors. All other officers need not be members of the Board of Directors nor a member of the Association.

SECTION 2. - ELECTION OF OFFICERS: Officers shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected.

SECTION 3. - REMOVAL OF OFFICERS: Upon the affirmative vote of a majority of the members of the Association or members of the Board of Directors, any officer may be removed, either with or without cause; and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

SECTION 4. - PRESIDENT: The President shall be the chief executive officer of the Association. He shall preside at all meetings of the membership and at all meetings of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Business Corporation Laws of the State of North Carolina, including, but not limited to, the power to appoint from among the membership any committee which he deems appropriate to assist in the conduct of the affairs of the Association.

SECTION 5. - VICE PRESIDENT: The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President or Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

SECTION 6. - SECRETARY: The Secretary shall keep the minutes of all meetings of the membership and the Board of Directors; he shall have charge of all books, papers, accounts and records of the Board of Directors as the Board of Directors may direct; serve notice of meetings of the Board and of the members, and he shall, in general, perform all of the duties incident to the office of Secretary of a corporation organized under the Business Corporation laws of the State of North Carolina.

SECTION 7. - TREASURER: The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of accounts showing all receipts and disbursements, and for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all of the duties incident to the office of Treasurer of a corporation organized under the Business Corporation laws of the State of North Carolina.

SECTION 8. - COMPENSATION: No officer shall receive any compensation from the Association for acting as such.

SECTION 9. - EXECUTION OF INSTRUMENTS: All instruments, including, but not limited to, agreements, contracts, Deeds or leases of the Association shall be executed in the name of the Association by the President or Vice President or Secretary or Assistant Secretary of the Association. All checks of the Association are to be executed by such person or persons as may be designated by the Board of Directors.

SECTION 10. - LIABILITY OF THE OFFICERS: The officers shall not be liable to the Association or any of its members for any

mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall indemnify and hold harmless each officer against all contractual liability to others arising out of contracts made by the officers on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Articles of Incorporation, the Declaration or these By-laws. It is intended that the officers shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any member of the Association arising out of any contract made by the officers or out of the indemnity in favor of the officers shall be limited to such proportions of the total liability thereunder as his interest in the Association bears to the interest of all members of the Association in the Association. Every agreement made by the officers on behalf of the Association shall provide that the officers are acting only as agents for the Association and shall have no personal liability thereunder (except as members of the Association), and that each member of the Association's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Association bears to the interest of all members in the Association.

ARTICLE V.
Amendments

These By-laws may be amended in the following manner: (a) any member of the Association may propose any amendment or modification to these By-laws by submitting the same in writing to the President or Board of Directors of the Association, (b) in order to qualify for consideration by the Association, any such proposed amendment must be signed by at least one-fourth (1/4) of the owners of the memberships in the Association; (c) upon receipt of such proposed amendment, the President or Board of Directors of the Association shall immediately follow the procedures outlined hereinabove under Article II., Section 6., entitled SPECIAL MEETINGS; (d) any such proposed amendment or modification in order to become a part of these By-laws must be approved by a majority of the votes of the members of the Association present in person or by proxy at such meeting. Notwithstanding the above, so long as there is a Class B membership, the Veterans Administration/Department of Housing and Urban Development have the right to veto amendments.

ARTICLE VI.
Conflict of Documents

In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and these By-laws, the Declaration shall control. In the case of any conflict between the Declaration and the Articles of Incorporation, the Declaration shall control.

ARTICLE VII.
Miscellaneous

SECTION 1. - INVALIDITY: The invalidation of any provision of these By-laws by any court, agency, or legislature shall in no way affect the validity of any other provision of these By-laws, and the same shall remain in full force and effect.

SECTION 2. - CAPTIONS: The captions herein used are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-laws, or the intent of any provision thereof.

SECTION 3. - GENDER: The use of the masculine gender in these By-laws shall be deemed to include the feminine gender and the neuter gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

SECTION 4. - NO WAIVER: No restriction, condition, obligation or provision contained in these By-laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

SECTION 5. - FISCAL YEAR: The fiscal year of the Association shall be the calendar year.

SECTION 6. - SEAL: The seal of the Association shall be in such form as shall be approved from time to time by the Board of Directors of the Association.

IN WITNESS WHEREOF, the Directors of the Association do hereby certify that this is a true copy of the duly enacted By-laws of MADISON PLACE AT MASONBORO WOODS HOMEOWNERS ASSOCIATION, INC., this 21st day of October, 2004.

Maurice S. Emmart, Jr. (SEAL)
MAURICE S. EMMART, JR., DIRECTOR

William M. Emmart (SEAL)
WILLIAM M. EMMART, DIRECTOR

Mark Emmart (SEAL)
MARK EMMART, DIRECTOR

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Cheryl C. Foreman, a Notary Public of the County of Pender, and State aforesaid, do hereby certify that MAURICE S. EMMART, JR., WILLIAM T. EMMART and MARK EMMART personally came before me this day and acknowledged that they are Directors of MADISON PLACE HOMEOWNERS ASSOCIATION, INC., and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by said Directors.

WITNESS my hand and notarial seal, this the 21st day of October, 2004.

Cheryl C. Foreman
Notary Public

My Commission Expires:

Sept. 11, 2005

(AFFIX NOTARIAL SEAL)

