

**BYLAWS OF
WOOD VALLEY HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

NAME, PURPOSES AND POWERS

1.1 Name. The name of the Corporation shall be:

WOOD VALLEY HOMEOWNERS ASSOCIATION, INC.

1.2 Purposes And Powers. The purposes for which the Corporation is organized are:

1.2.1 To unite, consolidate and maximize the influence and efforts of the residents of the Wood Valley Subdivision in Wake County, North Carolina (the "Subdivision") for the promotion and execution of civic, educational and social measures so as to improve the quality of life and promote the welfare of its members.

1.2.2 To undertake the performance of, and carry out the acts and duties incident to the administration of the Corporation in accordance with the terms, provisions, conditions and authorization contained in both these bylaws and in the Articles of Declaration of covenants, conditions and restrictions (the "Covenants") heretofore and hereafter recorded in the public records of Wake County, North Carolina and which affect the Wood Valley Subdivision in Wake County, North Carolina.

1.2.3 To make, establish and enforce reasonable rules and regulations governing the use of subdivision development, common elements, land and other real and personal property which may be owned by the Corporation itself.

1.2.4. To make, levy and collect assessments against lot owners; to provide the funds to pay for the common expenses of the Corporation as provided in the Covenants and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Corporation; to use said assessments to promote the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas, including but not limited to the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials,

management, supervision thereof, and the maintenance of insurance.

1.2.5 To employ and pay for the services of attorneys, accountants and other professionals to represent the Corporation as the need therefor may arise.

1.2.6 To enforce by any legal means the provisions of the Covenants and the rules and regulations for the use of the Corporation's property.

1.2.7 To contract, when duly approved by the Corporation's Board of Directors, for the management of recreational property owned by the Corporation and to delegate to such manager(s) such powers and duties as may be necessary for such purpose provided such powers and duties are not reserved herein specifically to the Board of Directors.

1.2.8 To have all of the common law and statutory powers of a nonprofit corporation, as well as those set out in the Covenants, together with all powers reasonably necessary to implement these purposes of the Corporation

1.2.9 To engage in any lawful act for which nonprofit corporations may be organized under the laws of the State of North Carolina.

ARTICLE II MEMBERSHIP AND DUES

2.1 **Membership.** There shall be only one membership in the Corporation for each lot in the Subdivision. The membership of the Corporation shall consist of the owners of lots located in the Subdivision, including those lands which may be added to the Subdivision at a later date, together with the members of their immediate families over the age of eighteen (18) years who reside with them in the subdivision. In the case of a leased lot, the membership may be held by the lessee(s) of said lot provided the owner(s) of said lot shall have consented thereto in writing. In accordance with the provisions of North Carolina General Statutes §55A-6-01(b), no person shall be admitted as a member without said person's consent. A member shall be deemed to have given such consent either by payment of dues to the Corporation or participation in a meeting of the members of the Corporation.

2.2 **New Owners.** The purchaser(s) of a lot in the subdivision shall, upon the closing of said purchase, become eligible for membership in the Corporation (subject to the payment of dues), and the membership of the prior owner(s) of said lot shall be thereupon terminated. Each new owner shall deliver to the Recording Secretary of the Corporation a copy of the deed or other instrument by which title has been acquired. Neither one's membership in the Corporation nor a member's share in the funds or assets of the Corporation may be assigned, hypothecated or transferred in any manner except as specifically provided herein as an appurtenance to the Subdivision.

2.3 **Dues.** The annual dues for membership in the Corporation shall be established by the Board of Directors. The dues for the fiscal year October 1, 1994 through September 30, 1995 shall be twenty-five dollars (\$25.00) per household. Dues shall not thereafter be increased by the Board of Directors by more than ten percent (10%) per fiscal year unless approved by a vote of a majority of the members of the Corporation. Dues shall be payable on or before January 2nd of each fiscal year. Any dues not paid by the following March 1 st shall result in a loss of voting privileges for the delinquent member.

ARTICLE III MEETING OF MEMBERS

3.1 **Annual Meeting.** The annual meeting of the Members of the Association shall be held at the principal office of the Association or such other place within the Subdivision as shall be designated by the President, at an hour to be fixed by the President, on the third Tuesday in January of each year for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

3.2 **Substitute Annual Meeting.** If the annual meeting shall not be held on the day designated in these Bylaws, a substitute annual meeting within the Subdivision may be called in accordance with the provisions of section 3.3 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

3.3 Other Meetings Of Members. There shall also be held regular meetings of the members during the month of May and September at a place, date and time to be decided by the President. Special meetings of the members may be held in the principal office of the corporation, or elsewhere by consent of the members, whenever called in writing by the President or any two members of the Board of Directors of the Corporation or by ten percent (10%) of the members entitled to vote on the issue proposed to be considered.

3.4. Notice Of Meeting. Written or printed notices stating the time and place of meeting shall be hand delivered or mailed by the Recording Secretary to each member of record at the member's last known address. The notice of each meeting shall be delivered or mailed not less than ten (10) days nor more than thirty (30) days prior to the date set for such meeting and, as to special meetings, the notice shall indicate the purpose or purposes thereof.

3.5 Quorum. At any meeting of the members, twenty (20) of the members entitled to vote who are present in person shall constitute a quorum of the membership for all purposes; provided, however, that unless one-third ^(1/3) or more of the members entitled to cast votes for the election of directors are present in person or by proxy, then the only matters that may be voted upon at an annual or other regular meeting are those matters described in the notice of meeting. In the case of a special meeting, only those matters specified in the notice of meeting may be acted upon.

If a quorum is not present, the meeting may be recessed from time to time by announcement from the chair at the time such meeting was set and such announcement shall be sufficient notice of the time and place of the recessed meeting. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

3.6 Organization. The President, or, in his/her absence, the Vice President, shall preside over all meetings of members and the Recording Secretary of the Corporation shall act as Secretary at all meetings of the members; provided, however, in the Recording Secretary's absence, the President may appoint a Secretary for the meeting of the members.

3.7 **Voting.** Each dues-paying member of the Corporation shall be entitled to one vote on each matter submitted to a vote at a meeting of members. The vote of a majority of the members at a meeting of members at which a quorum is present shall be the act of the members on that matter, unless the vote of a greater number is required by law or by the Articles of Incorporation or the bylaws of the Corporation. Cumulative voting shall not be allowed.

3.8 **Action By Written Consent.** Action required or permitted to be taken at a meeting of the members may be taken without a meeting if the action is taken by all the written consent of all members entitled to vote on the action. This action shall be evidenced by one or more written consents describing the action taken, signed before or after such action by all members entitled to vote thereon, and delivered to the Recording Secretary for inclusion in the minutes of meetings or for filing with the Corporation's records. If not otherwise determined in accordance with North Carolina General Statutes §55A-7-03 or §55A-7-07, the record date for determining members entitled to take action without a meeting is the date the first member signs the consent abovementioned. A consent signed under this section has the same effect as a meeting vote and may be described as such in any document.

3.9 **Action By Written Ballot.** Unless otherwise prohibited by these bylaws or the Articles of Incorporation and without regard to the requirements of §3.8 above, any action that may be taken at any annual, regular or special meeting of the members may be taken without a meeting if the Corporation delivers a written ballot to every member entitled to vote on the matter. The written ballot shall set forth the proposed action, shall provide the opportunity to vote for or against each proposed action, and shall indicate the time by which the ballot shall be received by the Corporation in order to be counted. Approval by written ballot shall be valid only 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 at a meeting at which the same total number of votes were cast. A written ballot may be revoked only by written notice delivered to the Recording Secretary prior to its being counted.

3.10 Voting By Proxy. The vote allocated to a member may be cast pursuant to a written, dated proxy signed by the member. A member may revoke a proxy by written notice delivered to the Recording Secretary prior to the commencement of the meeting to which it relates, or by attending the said meeting and voting in person. A proxy shall expire eleven (11) months after its date, unless it specifies a shorter term.

3.11 Voting Entitlement. Each household (or lot, as the case may be) shall have one vote on each matter voted on by members. If a membership stands of record in the name of two or more persons, their acts with respect to voting shall have the following effect:

1. If only one votes, then such vote shall bind all; and
2. If more than one votes, then the vote shall be decided on a prorata basis.

ARTICLE IV BOARD OF DIRECTORS

4.1 Number And Term Of Office. The affairs of the Corporation shall be managed by a Board of Directors of seven (7) members, which shall be entitled to act on behalf of the Corporation in all routine, day to day operations, of the Corporation. Said Board shall consist of the President, Vice President, Recording Secretary, Corresponding Secretary, any Assistant Corresponding Secretaries, and the Treasurer of the Corporation. In the event the number of officers aforesaid shall be less than seven (7), then the remaining members of the Board of Directors shall be selected at-large from among the members of the Corporation at the annual meeting of the members of the Corporation. The term of the initial Board of Directors shall run from September 1, 1994 until January 17, 1995 when their successors shall be duly elected and qualified. Thereafter, the term of office for Directors shall be until the successors to such offices shall have been duly elected and qualified.

4.2 Vacancies Change In Number. The number of Directors may be increased or decreased by amendment to these bylaws in the manner provided; provided, however,

that a decrease in the number of Directors shall not shorten the term of an incumbent Director. If a vacancy occurs on the Board of Directors, including a vacancy due to the resignation of a Director or an increase in the number of Directors (where the members have not filled said vacancy at the time of its creation), then the said vacancy may be filled by the Board of Directors for a term expiring at the next annual meeting of the members.

4.3 Compensation. No Director shall receive compensation for any service he/she may render to the Corporation; provided, however, that, with prior approval of the Board of Directors and with the Director abstaining, a Director may be: (i) reimbursed for actual expenses incurred in the performance of his/her duties for the Corporation; and (ii) a Director who performs services for the Corporation as an attorney, accountant or other professional representative may be paid for the reasonable value thereof.

4.4 Action Without A Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent to the action of all of the Directors. Any action so approved shall be effective when the last consent is signed, unless the consent specifies otherwise. Such consent shall be filed in the Corporation's minute book and shall have the same effect as though taken at a meeting of the Board of Directors and may be described as such in any document.

4.5 Meetings. Meetings of the Board of Directors shall be held from time-to-time without notice, at such place, date and hour, as may be fixed from time-to-time by resolution of the Board. Special meetings of the Board of Directors may be called by the President or any other two (2) Directors upon not less than five (5) days written notice to each Director.

4.6 Quorum. A majority of the Directors in office immediately before a meeting shall begin shall constitute a quorum for the transaction of business; provided, however, that in no event shall a quorum be less than two (2) Directors. Every act or decision done or made by a majority of the Directors present at a duly held meeting shall be regarded as the act of the Board of Directors.

4.7 Powers And Authority Of The Board Of Directors. Subject to the provisions

contained herein and applicable law, the Board of Directors shall have the power and authority to exercise all of the rights and powers of the Corporation, including, but not limited to, the following powers:

4.7.1 To adopt rules and regulations governing the use of the common area and facilities, the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof;

4.7.2 To suspend the voting rights and right of use of the Corporation's facilities of a member during any period in which such member shall be in default in the payment of any dues or other properly levied assessment; and to suspend such rights, after notice and hearing, for infraction of published rules and regulations for a period of at least sixty (60) days;

4.7.3 To declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive meetings of the Board of Directors;

4.7.4 To employ a manager, an independent contractor, or other employees as is deemed necessary, and prescribe their duties and compensation; provided, however, that any contract for professional management must contain a clause requiring not more than thirty (30) days' termination notice;

4.7.5 To procure, maintain, and pay premiums on, insurance policy(ies) and equitably assess the members for their prorata portion of such expense;

4.7.6 To impose and receive any payments, fees, or charges for the use, rental, or operation of the common areas or elements other than for service provided to members;

4.7.7 To exercise any other powers necessary and proper for the governance and operation of the Corporation; and

4.7.8 To have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

4.8 Duties Of The Board Of Directors. It shall be the duty of the Board of Directors to do the following:

4.8.1 To cause the common elements to be maintained, repaired and replaced as necessary, and to assess the members to recover the cost of the upkeep thereof;

4.8.2 To serve as the architectural committee specified in the Covenants;

4.8.3 To keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting, or at any special meeting when such statement is requested in writing by twenty percent (20%) of the members;

4.8.4 To supervise all officers, agents and employees of the Corporation and see that their duties are properly performed;

4.8.5 To fix the amount of the annual dues at least three (3) months in advance of each fiscal year based on the projected budget for said fiscal year and pursuant to the provisions set forth in the Covenants;

4.8.6 To send written notice of the assessment of dues and other charges to every member at least thirty (30) days in advance of the due date therefore;

4.8.7 To foreclose any unpaid dues or assessments, and liens resulting therefrom, against any property for which said dues or assessments are not paid within sixty (60) days after due date or to bring an action at law against the member personally obligated to pay the same;

4.8.8 To issue, or have issued, for a reasonable charge, a certificate setting forth whether or not any assessment has been paid; provided, however, that if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all parties except the member **and** lot owner as of the date of the assessment;

4.8.9 To procure and maintain, at all times, adequate hazard insurance on the property owned by the Corporation and all property for which the Corporation has the duty to maintain, and sufficient liability insurance to adequately protect the Corporation as provided in the Covenants; and

4.8.10 To cause all officers or employees of the Corporation, and officers

and employees of professional management services employed by the Corporation, having fiscal responsibilities, to be bonded.

4.8.11 To approve any single expenditure of the Corporation's funds in excess of one hundred dollars (\$100.00).

4.9 **Committees.** Except as otherwise provided for herein, the Board of Directors at any time may define the need for any committees of the Board of Directors and the duties thereof, and may select the person(s) to serve thereon. Membership on committees of the Board of Directors shall be limited to Directors. All actions of any committee shall be subject to the approval of the Board of Directors unless the Board shall specifically authorize the committee to exercise the Board's authority beforehand.

4.10 **Advisory/Communications Group.** There shall be an Advisory/Communications Group consisting of members designated by the Board of Directors. Said members shall be geographically distributed as equally as possible throughout the Subdivision with each group member representing from thirty (30) to forth (40) households in his/her immediate geographic area. Said geographic area represented by a group member shall be as defined by the Board of Directors from time-to-time. The duties of each member of said group shall be:

4.10.1 To keep abreast of concerns in his/her respective area and communicate these concerns to the President; and

4.10.2 To serve as a channel of communications between the members and the Board of Directors.

ARTICLE V OFFICERS

5.1 **Officers.** The officers of the Corporation shall be a President, Vice President, Recording Secretary, Corresponding Secretary, Treasurer, and such assistant officers as may be designated from time-to-time by the Board of Directors.

5.2 **Election Of Officers.** Each officer shall be elected from member-candidates nominated from the floor at the annual meeting of the members of the Corporation. Election shall be by secret written ballot and by a majority of the members present at such

meeting in person or by proxy provided that a quorum is present. Cumulative voting shall not be allowed. Each officer elected shall serve until the next annual election and until his/her successor shall have been elected and qualified. The Board of Directors may fill any vacancy created by the death, resignation or removal of an officer for a term to expire at the next annual meeting of the members of the Corporation.

5.3 Powers And Duties Of The Officers.

5.3.1 The President shall preside at all meetings of the Board; he/she shall see that orders and resolutions of the Board are carried out, he/she shall sign all leases, mortgages, deeds and other written instruments; and he/she shall co-sign all checks and promissory notes.

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

5.3.3 The Recording Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; he/she shall keep the corporate seal and affix it on all papers requiring said seal; he/she shall serve notice of meetings of the Board and of the members; he/she shall keep appropriate current records showing the members of the Corporation together with their addresses; he/she shall prepare, execute, certify, and record amendments to the Covenants on behalf of the Corporation; and he/she shall perform such other duties as are required by the Board of Directors.

5.3.4 The Corresponding Secretary shall prepare, or cause to be prepared, for the President's signature, all official correspondence of the Corporation, and to see to it that such correspondence is properly preserved and filed with the Corporation's files; he/she shall produce, or cause to be produced, a newsletter or equivalent as directed by the Board, and shall deliver, or cause to be delivered, such newsletter to all active members and such others as is deemed appropriate by the Board, and said newsletter shall be produced and distributed at least bimonthly.

5.3.4 The Treasurer shall receive and deposit in appropriate bank accounts

all monies of the Corporation and shall disburse such funds as may be directed by the Board; he/she shall sign all checks and promissory notes (such checks and promissory notes to be co-signed by the President) of the Corporation; he/she shall keep proper books of account; he/she shall cause an annual audit of the Corporation's books to be made by a public accountant at the completion of each fiscal year; and he shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each member.

5.5 **Removal.** Any officer may be removed with or without cause by a vote of at least sixty-seven percent (67%) of all members present in person or by proxy and entitled to vote at any meeting of the members called for that purpose at which a quorum is present. In the event of death, resignation or removal of an officer, his/her successor shall be selected by the Board to serve until the next annual meeting of the members.

ARTICLE VI BOOKS AND RECORDS

6.1 The books, records and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any member or a mortgagee of any member. The Articles of Incorporation, these bylaws and the Covenants shall be available for inspection by any member at the principal office of the Corporation, where copies may be purchased at reasonable cost.

ARTICLE VII FORMS OF PROXY AND WAIVER

7.1 **Form Of Proxy.** The following form of proxy shall be deemed sufficient, but any other form may be used which is sufficient in law:

Wood Valley Homeowners Association, Inc.

Know all men by these presents that I, the undersigned member of Wood Valley Homeowners Association, Inc. (the "Corporation"), hereby constitute and appoint _____ as my attorney and proxy to vote on my behalf at any annual or special meeting of the members of the Corporation at which I am not present until the Secretary of the Corporation receives from me a letter revoking this proxy, and for and on my behalf to vote as I would be entitled to vote if personally present, and I hereby ratify and confirm all that said attorney and proxy shall do in the premises, and I hereby give and grant unto said attorney and proxy full power of substitution and revocation.

Dated: _____

Member Signature: _____

Member Printed Name: _____

Address: _____

Witness Signature: _____

Witness Printed Name: _____

7.2 **Form Of Waiver Of Notice.** The following form of waiver of notice shall be deemed sufficient, but any other form may be used which is sufficient in law:

WOOD VALLEY HOMEOWNERS ASSOCIATION, INC.

We the undersigned members of the Board of Directors of Wood Valley Homeowners Association, Inc. (the "Corporation") do hereby severally waive notice of the time, place, and purpose of the (annual or a special) meeting of the Board of Directors of the Corporation and consent that same be held at on the _____ day of _____ 19 at o'clock ____M., and we do further consent to the transaction of any and all business of any nature that may come before the meeting.

Dated: _____

Director Signature: _____

Printed Name: _____

ARTICLE VIII

NO PERSONAL LIABILITY

8.1 To the fullest extent permitted by applicable law, no officer or director of the Corporation shall have any personal liability arising out of any action whether by or in the right of the Corporation or otherwise for monetary damages for breach of any duty as an

officer or director. This section shall not impair any right from the Corporation that an officer or director may now or hereafter have. Any repeal or modification of this section shall be prospective only and shall not adversely affect any limitation hereunder on personal liability of an officer or director with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE IX
LIMITATIONS ON PAYMENT OF CORPORATE ASSETS

9.1 In accomplishing its purposes and objectives, no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, trustees, officers, directors or any other private persons except that: (i) the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes as set forth herein; and (ii) the Corporation may rebate to its members any excess assessments previously paid. Notwithstanding any other provisions of this article, the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income taxation under §501(c)(7) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of a future United States Internal Revenue Code (the "Code").

In the event of a dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation to such organization(s) under §501(c) of the Code as the Board of Directors shall then determine. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes and to such organization(s) as are set forth above.

ARTICLE X
GENERAL PROVISIONS

10.1 **Amendments.** Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted only by a majority affirmative vote

of all of the members which are cast in person or by proxy at any meeting of the members called for that purpose at which a quorum is present.

10.2 **Corporation Seal.** A seal with the words "WOOD VALLEY HOMEOWNERS ASSOCIATION, INC." on the outer circle and the date 1994 within the circle, shall be the corporate seal of the Corporation and shall be in the custody of the Secretary.

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of Wood Valley Homeowners Association, Inc., a North Carolina nonprofit corporation and that the foregoing bylaws constitute the original bylaws of the Corporation, as duly adopted by the Board of Directors thereof at a meeting held on the 7th day of December, 1994

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation this 7th day of December, 1994.


Secretary