FILED
GRANVILLE COUNTY
04/03/2003 9:14 AM
KATHRYN CREWS AVERETT
Register Of Deeds

Prepared by and return to: Joslin, Sedberry & Lamkin, LLP
4006 Barrett Dr., Raleigh, NC 27609

# BYLAWS OF
# QUAIL MEADOWS HOMEOWNERS ASSOCIATION, INC.

## ARTICLE I

## NAME AND LOCATION

The name of the corporation is QUAIL MEADOWS HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association"). The principal office of the corporation shall be located at 2626 Glenwood Ave., Suite 560, Raleigh,Wake County, North Carolina 27608, but meetings of members and directors may be held at such places within the State of North Carolina, Counties of Granville or Wake, as may be designated by the Board of Directors.

## ARTICLE II

## DEFINITIONS

Section 1. "Association" shall mean and refer to QUAIL MEADOWS HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in Exhibit A to the Declaration of Covenants, Conditions and Restrictions for the Quail Meadows Subdivision and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Elements" shall mean all real property and amenities located thereon owned by the Association for the common use and enjoyment of members of the Association. Common Elements shall include water lines and sewer lines located within the Common Elements and not within the sanitary sewer easements of any local governmental unit. Water lines and sewer lines located on a Lot are not portions of the Common Elements.

Section 4. "Lot" shall mean and refer to each one of Lots 1 through 3, as shown on the map of Quail Meadows Subdivision, Phase I, recorded in Plat Book 27, Page 156,Granville County

Registry, and to each one of Lots 4 through 32, as shown on the map of Quail Meadows Subdivision, Phase II, recorded in Plat Book 27, Page 270, Granville County Registry, or on any subsequently recorded map of the Properties.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the 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 6. "Declarant" shall mean and refer to Gary Felton Land Investment Company, Inc., its successors and assigns to whom any rights of the Quail Meadows Subdivision are transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of Register of Deeds, Granville County, North Carolina, and all amendments thereto.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 9. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 10. "Common Expenses" shall mean and include:
(a) All sums lawfully assessed by the Association against its members;
(b) Expenses for maintenance of the Common Elements as provided in the Declaration;
(c) Expenses of administration, maintenance, repair or replacement of the Common Elements;
(d) Expenses declared to be common expenses by the provisions of the Declaration or the Bylaws of the Association.
(e) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase;
(f) Ad valorem taxes and public assessment charges lawfully levied against Common Elements;
(g) Expenses agreed by the members to be common expenses of the Association; and
(h) Payments or obligations to Reserve accounts established and maintained pursuant to the Declaration.
(i) Any other expenses declared to be common expenses of the Association in the Declaration or in any amendment to the Declaration.

Section 11. "Amenities" shall mean the facilities constructed, erected or installed on the Common Elements for the use, benefit and enjoyment of Members.

Section 12. "Single Family Lots" as usual used herein shall mean and refer to all those portions of the Property intended for subdivision or subdivided into lots included intended for the construction of detached dwelling units.

Section 13 . "Townhouse Lots" as used herein shall mean and refer to all those portions of the Property intended for subdivision or subdivided into lots intended for the construction of attached dwelling units.

Section 14. “Builder” as used herein shall mean Anderson Homes, Inc., any entity to which it assigns its interest in its lot purchase contract with Declarant, and any commercial builder which purchases and owns a Lot within the Subdivision for the purpose of constructing upon it a residence to be sold.

## ARTICLE III

## MEMBERSHIP

Classes of Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and Builder and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. 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 lot and no fractional vote may be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and Builder and shall be entitled to three (3) votes for each Lot in which Declarant holds the interest required for membership. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in sub-paragraph (b) below, additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant; or

(b) ten (10) years from the date of conveyance of the first Lot by Declarant.

## ARTICLE IV

## MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within eighteen (18) months after the date of filing of the Articles of Incorporation. The Board of Directors shall have power to set the date and place of the annual meeting and shall give all members at least 15 days written notice thereof.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. 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, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meeting of members, each member may vote in person or by proxy executed in favor of another member. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

## ARTICLE V

## BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) directors, who need not be members of the Association. The number of Directors may be changed by amendment of these Bylaws. Unless altered by Amendment, the first board of directors shall consist of three (3) persons, who shall serve until their successors have been chosen.

Section 2. Term of Office. Unless altered by Amendment of these Bylaws, at the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years and one director for a term of three years, and at each annual meeting thereafter the members shall elect one director for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. 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 5. Action Taken 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 meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE VI

## NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. So long as there shall be a Class B membership (as provided in Section 2), the Declarant shall have the right to name a majority of the Directors at the annual meeting. The remaining member or members of the Board of Directors shall be elected by vote of the Class A members. If the Declarant elects not to name any members of the Board of Directors, the Class A members shall elect all members of the Board at the annual meeting.

Section 2. Election. Election to the Board of Directors (other than the members that may be chosen by the Declarant) shall be 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. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE VII

## MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time to time by resolution of the Board. The Board of Directors shall hold a meeting immediately following the annual meeting of the membership.

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 written notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

## ARTICLE VIII

## 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 Elements and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Collect all assessments levied upon the members of the Association, and suspend the voting rights and right to use of the common elements facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

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

(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; and

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(f) Pay all ad valorem taxes and public assessments levied against the Common Elements.

(g) Maintain the utility lines serving the properties.

(h) Maintain all improvements to the Common Elements, and to levy assessments sufficient to build up a reserve to cover such expenses.

(i) Levy annual assessments in an amount estimated to pay all maintenance and capital expenses.

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

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

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

(c) As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of the date for payment of any portion of such assessment; and

(2) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) 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. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

(g) Cause the Common Elements to be maintained.

## ARTICLE IX

## OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president, a vice-president, 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 officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. The officers need not be members of the Association.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor shall be named, unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board may name 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, 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 offices of Secretary and Treasurer, or Vice-President and Treasurer, may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

PRESIDENT

(a) 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 and shall co-sign all checks and promissory notes (provided, however, the President may delegate his or her duty to co-sign all checks of the Association to a professional management company employed to manage the Association). He shall further sign all legal documents necessary to collect homeowner assessments.

VICE-PRESIDENT

(b) The Vice-President shall all powers of the president and shall act in the place and stead of the president when the president is not available to act. The Vice-President may sign and execute in the name of the Corporation easements, leases, mortgages, deeds and other written instruments, except where the signing and execution shall be expressly delegated by the Board of Directors or the President to some other officer or agent of the corporation or shall be required by law otherwise to be signed or executed. He shall exercise and discharge such other duties as may be required of him by the Board of Directors.

SECRETARY

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; 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.

TREASURER

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, including records of homeowner assessments; cause an annual audit of the Association books to be made by a public accountant at the direction of the Board; 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.

## ARTICLE X

## COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes. Such committees may be composed of homeowner members in addition to board members.

## ARTICLE XI

## BOOKS & RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by all members and by their representatives, including attorneys and accountants. 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 XII

## COVENANT FOR ASSESSMENTS

Section 1. Creation of the lien and Personal Obligation of Assessments. Every owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, together with the Declarant is deemed to covenant, and agree to pay to the Association:

(a) Annual assessments or charges which are common expenses; and

(b) Special assessments for capital improvements.

Notwithstanding any provision herein to the contrary, the assessment for each Lot for which a certificate of occupancy for a dwelling on the Lot has NOT been issued shall be one-sixth (1/6) of the assessment which would have otherwise been due. The Declarant will pay all Common Expenses until the first certificate of occupancy for a dwelling located on a Lot within the Subdivision has been issued.

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with such interest and costs and reasonable attorney's fees, for collection thereof, shall also be the personal obligation of the person who was the owner of the Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments shall be shared equally by the owners of each Lot, except as otherwise provided in this section.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents on the Properties; enforcing these covenants and the rules of the Association; improving and maintaining the Common Elements; and paying all common expenses.

Section 3. Amount of Assessment.

(a) Initial Assessment. The initial annual assessment shall not be in excess of **$180.00 per Single Family Lot**, and **for each Townhouse Lot, if any, an amount to be set forth in the Supplemental Declaration(s),** the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) Increase by Association. The annual assessment may be increased by up to seven (7) percent, said increase to take effect on January 1 of the succeeding year, by the Board of Directors, without a vote of the membership. Any increase in excess of seven (7) percent, or any increase to take effect prior to January 1 of the succeeding year must be approved as provided in Subsection (c) of this Section 3.

(c) Increase by Members. The annual assessment may be increased by an affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. The Association is required to establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements. The fund shall be maintained out of annual assessments for common expenses as provided for in this article. In establishing the annual assessment for any assessment year, the board of directors shall set the annual assessment high enough to cover all current costs and expenses of the Association, any accrued debts, and reserves for the future needs.

(e) The Board of Directors may decrease the annual assessment from time to time if in its opinion such decrease is prudent.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5. Collection of Assessments. Both annual and special assessments may be collected on a semiannual basis or in any other manner directed by the Board of Directors.

Section 6. Quorum for any Action Authorized Under Sections 3 and 4. At the first meeting called, as provided in Section 3 and 4 of this Article, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Section 3 and 4, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots shall be paid in equal semiannual installments, or monthly installments if directed by the Board of Directors, and the payment of such shall commence on the first day of the first month following the date that a certificate of occupancy for a dwelling on any Lot has been issued. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the rate of nine percent (9%) per annum. The Association may bring an action against the owner personally obligated to pay the same, and interest, costs, late payment charges and reasonable attorney's fees of any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar action, as a method of enforcement of the Association's right to collect assessments, the Association may use such remedy. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common elements or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The sale or transfer of any Lot shall not affect the lien of the assessments provided for herein. However, said lien shall be subordinate to the lien of any first mortgage on such Lot. The sale or transfer of any Lot pursuant to foreclosure under a first mortgage or any proceeding or sale in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sales or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due for from the lien thereof.

Section 10. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt form said assessments.

## ARTICLE XIII

## RESERVE ACCOUNT DEPOSIT

At the time of the real estate closing, when the initial purchaser acquires fee simple title to a Lot after construction of a residence thereon, and becomes an Owner, such Owner shall contribute to the Association a sum equal to one-sixth (1/6) the then annual assessment of the Association for such Lot for the purpose of initial and nonrecurring capital expenses of the Association and for providing initial working capital for the Association.

## ARTICLE XIV

## AMENDMENTS

Section 1. Amendment by Board. These Bylaws may be amended or repealed and new Bylaws adopted by the Board of Directors.

Section 2. Amendment by the Members. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy; provided, however, prior to termination of the Class B Membership, no such amendment shall be effective unless written consent of the Declarant shall have been given thereto.

Section 3. Amendment by Amendment to Declaration. If a provision of the Declaration or Articles is amended and there is provision pertaining to the same subject in these Bylaws, then these Bylaws shall be deemed amended to conform to the corresponding amended provision in the Declaration or Articles.

## ARTICLE XV

Section 1. Right to Indemnification. The Association shall indemnify each of its directors, officers, employees or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as such or their activities in any of the foregoing capacities; provided, however, the Association shall not indemnity or agree to indemnify a person against liability or expenses the person may incur on account of his activities which were at the time taken, known, or believed by the person to be clearly in conflict with the best interests of the Association or if the person received an improper personal benefit. Any person having rights under this Section shall recover from the Association reasonable costs, expense, and attorneys fees in connection with the enforcement of the rights to indemnification granted herein. The right to indemnification granted herein shall be in addition to and separate and apart from the indemnification provided for in North Carolina General Statutes 55A-8-51, 55A-8-52, 55A-8-54, 55A-8-55, and 55A-8-56.

Section 2. Insurance. The Association may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the Association against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer, employee or agent, whether or not the corporation would have power to indemnify him against the same liability under any provision of Chapter 55A of the North Carolina General Statutes.

## ARTICLE XVI

## 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. Disbursements of Net Earnings. No part of the net earnings of the Association shall inure to the benefit of its members, directors, officers or other persons except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the Association.

Section 3. Conflicts. 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.

Section 4. The corporate seal and/or stamp of the corporation shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed "CORPORATE SEAL".

**IN WITNESS WHEREOF**, we, being all of the Board of Directors of Quail Meadows Homeowners Association, Inc., have hereunto set our hands, this 29 day of October, 2002.

Gary Felton

Steve Smalto

Brad Greene

**CERTIFICATION**

I, the undersigned, do hereby certify:

THAT I am the secretary of Quail Meadows Homeowners Association, Inc. a North Carolina Corporation; and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by unanimous written consent of the Board of Directors thereof, on the 13th day of NOVEMBER, 2002.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name this 13th day of NOVEMBER, 2002.

Quail Meadows Homeowners Assoc, Inc.

**SECRETARY**

NORTH CAROLINA
WAKE COUNTY

I, a Notary Public of the State and County aforesaid do hereby certify that Brad Greene, personally came before me this day and acknowledged that he is Secretary of the Quail Meadows Homeowners Association, Inc., a North Carolina corporation, and that he, as Secretary, an authorized agent, being authorized to do so, executed the foregoing Certification on behalf of the corporation.

Witness my hand and seal, this 27th day of March, 2003.

LAURA J. LAMKIN
NOTARY PUBLIC
WAKE COUNTY, NC
My Commission Expires 4/7/2003

Laura J. Lamkin
Notary Public

My Commission Expires: ____________

STATE OF NORTH CAROLINA, GRANVILLE COUNTY
The foregoing certificate of Laura J. Lamkin a Notary Public is certified to be correct. This instrument was presented for registration and filed in this office in Book 956 Page 921
This 3rd day of April 2003 at 9:14 o'clock AM.
Register of Deeds Kathryn Crews Avent
by Becky C. Gooch Assistant ~~Deputy~~

53.00