

**BYLAWS
OF
PEARL RIDGE HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

The name of corporation is PEARL RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principle office of the corporation shall be located at 3117 Poplarwood Court, Suite 326, Raleigh, North Carolina 27604, but the meetings of members may be held at such places within the State of North Carolina, Count of Wake as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

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

Section 2. "Common Area" shall mean all property owned by the Association, or such other property which the Association may hold subject to the provisions of the Declarations. Common Areas shall be defined and bounded on the plat(s) as "Common Areas" or "Common Open Space". Common Areas in each phase shall be conveyed to the Association in accordance with Article III, Section 3 prior to deeding the first Lot in the phase. Common Areas shall specifically include but shall not be limited to: (a) all water lines and sewer lines which serve the Properties and are located outside of any public street right-of-way or any City of Raleigh utility easement (excluding those lines serving a single Lot); and (b) all storm drainage pipes and any detention pond which serve the Properties that are located outside of any public street right-of-way, (excluding those pipes service a single Lot); and (c) open space identified on recording plats.

Section 3. "Common Expense" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses of the COMMON AREA and administration, maintenance, repair or placement of the Common Areas;
- (c) Expenses declared to be COMMON EXPENSES by the provisions of the Declaration or the By-Laws;
- (d) Hazard, liability, or such other insurance premiums as the Declaration or the By-Laws may require the Association to purchase;
- (e) Ad valorem taxes and public assessment charges lawfully levied against COMMON AREAS;
- (f) Expenses agreed by members to be COMMON EXPENSES of the Association;
- (g) Utilities used in connection with COMMON AREAS

Section 4. "Declarant" shall mean and refer to Wilco Properties, Inc. a North Carolina corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 5. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Pearl Ridge Subdivision applicable to the Properties recorded in the Office of Register of Deeds, Wake County, North Carolina.

Section 6. “Lot” shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, with the exception of the Common Area. Detached single family Lots shall be used to construct detached single family dwellings.

Section 7. “Member” shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. “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 part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. “Properties” shall mean and refer to that certain real properties described in the Declaration of Covenants, Conditions and Restrictions for Pearl Ridge Subdivision, and such additions thereto as many hereafter be brought within the jurisdiction of the Association.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year hereafter at the hour of 8 o’clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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 member who are entitled to vote one-fourth of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Unless otherwise specified in the Declaration, Article of Incorporation or By-Laws, 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 fifteen (15) days before such meeting to each member entitled to vote thereat, addressed 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. Unless otherwise specified in the Declaration, Article of Incorporation or By-Laws the presence at the meeting of member entitled to cast, or of proxies entitled to cast, one-tenth (10%) of the votes of each class of membership shall constitute a quorum. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote

thereat shall have 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 represented.

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

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the member shall elect three (3) directors for a term of one (1) year. Said directors shall remain in office until their successors have been duly elected and qualified.

Section 3. Removal. Any directors 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 directors, 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 directors shall receive compensation for any service he may render to the Association. However, any directors 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 V NOMINATION AND ELECTION OF OFFICERS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination maybe also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee hall make as many nomination for election to the Board of Directors as it shall in its discretion determine, but not less than a number of vacancies that are to be filled. Such nominations maybe made from among members or non-members.

Section 2. Election. Election to the Board of Directors 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. Fractional and cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held every six (6) months without notice, at such a place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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 (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the members of directors shall constitute a quorum for the transaction of business. Every act or decision one 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 VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) Adopt, amend and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests heron, and to establish penalties for the infraction thereof;
- (b) Suspend the voting rights and right to use the recreation 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 sixty (60) days for infraction of publish 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 By-Laws, the Articles of Incorporation, of 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 meeting of the Board of Directors; and
- (e) Employ a manger, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

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 and corporate affairs and to present a

- statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the class A members who are entitled to vote;
- (b) Supervise all officers, agents, contractors, and employees of this 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 each annual assessment period;
 - (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 assessment are not paid within thirty (30) days after the due date or to bring action at law against the owner personally obligated to pay the same
 - (4) 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;
 - (5) Procure and maintain liability and hazard insurance on property owned by the Association as set forth in the Declaration;
 - (6) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
 - (7) Cause the Common Area to be maintained;
 - (8) To pay ad valorem taxed and public assessments levied against the Common Areas.

ARTICLE VIII OFFICERS AND THEIR DUTIES

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

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

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer of the Association 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 office he replaces.

Section 7. Multiple Offices. The offices of Secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any 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, deed and other written instruments and shall co-sign all checks and promissory notes.

Vice- President

- (b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

- (c) The Secretary shall record the votes and keep 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 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 the funds as directed by resolution of the Board of Directors shall sign all check and promissory notes of the Association; keep proper books of account cause an annual audit of the Association book to be made by an independent public accountant at the completion of each fiscal year; 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. The Treasurer shall issue certificates indicating the payment or non-payment of assessment on specified lots.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the property which the assessment is made. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in the same manner that the Deeds of Trust may be foreclosed under Power of Sale under Chapter 45 of the North Carolina General Statutes, or its successors; and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XI CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: PEARL RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE XII AMENDMENTS

Section 1. These By-Laws 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, except that the Federal House Administration of Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Article of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII MISCELLANEOUS

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 the incorporation.