

BYLAWS
OF
PRESCOTT DOWNS ASSOCIATION, INC.

ORDER OF ARTICLES

ARTICLE I. NAME

ARTICLE II. DEFINITIONS

ARTICLE III. MEMBERSHIP

ARTICLE IV. OBJECTIVES

ARTICLE V. OFFICERS OF THE ASSOCIATION (THE BOARD)

ARTICLE VI. NOMINATION AND ELECTION OF OFFICERS OF THE ASSOCIATION

ARTICLE VII. POWERS AND DUTIES OF THE OFFICERS OF THE ASSOCIATION

ARTICLE VIII. ASSOCIATION MEETINGS

ARTICLE IX. PROPERTY MANAGEMENT

ARTICLE X. BUDGET AND DUES

ARTICLE XI. COMMITTEES

ARTICLE XII. GENERAL PROVISIONS

ARTICLE XIII. PARLIAMENTARY AUTHORITY

ARTICLE XIV. AMENDMENTS

Article I. NAME

Section 1. This organization shall be known as **Prescott Downs Association Inc.**, a non-profit organization organized and existing under the laws of the State of North Carolina.

Article II. DEFINITIONS

Section 1. Articles of Incorporation: Articles of Incorporation refer to the Articles of Incorporation filed with the North Carolina Secretary of State, as amended or restated from time to time.

Section 2. Association: Association refers to Prescott Downs Association Inc., its successors and assigns.

Section 3. Common Area: Common Area refers to all real property and improvements designated as Common Open Space as shown on recorded subdivision maps.

Section 4. Declaration: Declaration refers to the Protective Covenants applicable to the Properties as recorded by the Register of Deeds of Wake County, North Carolina.

Document	Date	Book	Page
Protective Covenants Prescott Downs Subdivision Phase I	2/21/1996	006856	00093
Protective Covenants Prescott Downs Subdivision Phase II	4/22/1998	008027	00937
Protective Covenants Prescott Downs Subdivision Phase III	2/24/1999	008255	01816

Section 5. Lot: Lot refers to any separately number lot or plot of land regardless of size as shown on a recorded map of the Properties on which a Dwelling Unit is or may be constructed.

Section 6. Member: Member refers to every person or entity entitled to membership in the Association as provided in Article III of these Bylaws.

Section 7. Owner: Owner refers to the record owner, whether one or more persons or entities, of a fee simple title to any Dwelling Unit or Lot which is part of the Properties.

Section 8. Properties: Properties refer to certain real property described in the Declaration.

Section 9. The Board: The Board refers to the Officers of the Association.

Article III. MEMBERSHIP

Section 1. Membership: Every Owner which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment by the Association. All Members of the Association are subject to annual and special dues as approved by the Association membership.

Section 2. Suspension of Membership: During any period in which a Member shall be in default in the payment of annual or special assessment levied by the Association, such Member's voting rights and right to access Common Areas may be suspended by the Board until such assessment is paid. Such rights of a member may also be suspended, for a period not to exceed one hundred twenty (120) days, for violations of any rule and regulations established by the Association.

Section 3. Property Rights: Each Member shall be entitled use and enjoyment of the Common Areas as provided in the Declaration. A Member's spouse, parent and child who reside with such Member shall have the same easement of enjoyment hereunder as a Member. Any Member can delegate his rights of enjoyment to such Member's tenants or contract purchasers. Such Members shall notify the Secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

Section 4. Voting Rights:

- (i) The Owner(s) of each Lot shall be entitled to one vote on any matter brought to a vote by the Association.
- (ii) Only those Owner(s) whose dues are paid for the current fiscal year are eligible to vote.
- (iii) If only one of the multiple Owners of a Lot is present at a meeting of the Association, the owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

Section 5. All members of the Association shall abide by the Declaration (Protective Covenants), the Articles of Incorporation, and these Bylaws.

Article IV. OBJECTIVES

The objectives of this Association shall be:

Section 1. To implement through joint efforts of all owners of single-family dwellings located within Prescott Downs Subdivision, Wake County, North Carolina, an exemplary community which will combine change with tradition and beauty with functional advancement, while preserving the natural serenity of the North Carolina countryside in which it is situated.

Section 2. To achieve a high quality of life for those residing in Prescott Downs Subdivision.

Section 3. To foster and maintain the beautification of individual property; the safety and security of homeowners, children, and property; effective traffic safety measures to protect pedestrians, vehicle users of public roadways and personal property adjacent to such roadways.

Section 4. To foster and maintain the beautification of the Prescott Downs common areas.

In general the common areas include a pond, a lake, two subdivision entrances and road frontage along Piney Grove - Wilbon Road. The common areas have been recorded by the Register of Deeds of Wake County, North Carolina:

<u>Document</u>	<u>Date</u>	<u>Pages</u>
Book of Maps	1996	20 & 21
Book of Maps	1998	322, 323 & 324
Book of Maps	1999	443

Section 5. To establish an orderly, equitable and efficient system of billing to pay for the expenses incurred in the furtherance of the aforesaid purposes.

Section 6. To promulgate such rules and regulations and perform such deeds and acts as are deemed necessary to achieve the aforesaid objectives of the association.

Section 7. To foster and maintain cooperative efforts with neighboring homeowner associations.

Article V. OFFICERS OF THE ASSOCIATION (THE BOARD)

Section 1. The Officers of the Association shall consist of a President, Vice President, Secretary, Treasurer and one (1) at large member. Officers must be Member of the Association.

Section 2. Term: The term of office shall be one year commencing June 1st.

Section 3. Removal: Any member of the Board can be removed with or without cause by a majority vote of the Members. In the event of death, resignation, or removal of an Officer, such Officer's successor shall be selected by the remaining members of the Board and shall serve for his/her unexpired term.

Section 4. Compensation: No Officer shall receive compensation for any service he may render to the Association as an Officer. Any Officer, however, can be reimbursed for his/her actual expenses incurred in the performance of their duties.

Section 5. Only one member of a household may serve as an officer for any given term.

Article VI. NOMINATION AND ELECTION OF OFFICERS OF THE ASSOCIATION

Section 1. At the Fall meeting the Board shall appoint a Nominating Committee which consists of three members of the Association whose duty shall be nomination of candidates for election. The slate of officers will be presented at the Spring meeting.

Section 2. The Officers of the Association shall be chosen by a majority of the voting members present at the Spring Meeting.

Article VII. POWERS AND DUTIES OF THE OFFICERS OF THE ASSOCIATION

Section 1. The Board shall have power to:

- (i) to adopt and publish rules and regulations governing the use of Common Areas and the conduct of the Association and its Members and their guest thereon, and to establish penalties for the infractions thereof;
- (ii) to exercise for the Association any and all power, rights and privileges which a corporation organized under Non-Profit Corporation Laws of North Carolina by law may now or hereafter have or exercise including, without limitation, all rights contained in the North Carolina Planned Community Act (G.S. 47F), and all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by the other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (iii) to declare the office of a member of the Board to be vacant if such member shall be absent from three (3) consecutive meetings of the Board;
- (iv) to employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (v) to employ attorneys to represent the Association when deem necessary;
- (vi) to prepare, execute, certify, and record amendments to the Declaration and these Bylaws as directed by the Members of the Association;
- (vii) to appoint committees to investigate any matters of common interest to members of the Association. At least one Officer shall be appointed as an ex-officio member of all such committees.

Section 2. Duties of the Board:

- (i) to cause to be kept a complete record of all its acts and corporate affairs; and to present a statement thereof to the Members at Spring meeting of the Association;
- (ii) to supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (iii) to send notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
- (iv) to procure and maintain adequate liability insurance covering the Association, its officers, agents and employees;
- (v) to cause all officers, agents, or employees having fiscal responsibilities to be bonded , as it may deem appropriate.
- (vi) to cause the Common Areas to be maintained;

- (vii) to direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties set forth in the Declaration and in these Bylaws.

Section 3. Duties of the President:

- (i) The chief executive officer and the official spokespersons of the Association.
- (ii) General supervision of the affairs of the Association.
- (iii) Preside at all meetings of the Board and at all meetings of the Association.
- (iv) The President shall see that orders and resolutions of the Board are carried out.
- (v) The President and Treasurer shall approve all expenditures of the association.
- (vi) Prior to the Spring Meeting, along with the Treasurer, audit the Association's account that is maintained by the Property Management Company.

Section 4. Duties of the Vice-President:

- (i) In the absence or inability of the President to perform his duties, the Vice-President will assume the duties of the President.
- (ii) Perform duties assigned by the President.
- (iii) Be a member of the Architecture committee.

Section 5. Duties of the Secretary:

- (i) Be, ex-officio, Secretary of the Board.
- (ii) Keep the records of the Association.
- (iii) Record the votes and keep the minutes of the proceedings of the Board.
- (iv) Record the names of all members of the Association together with their addresses as registered by such members.
- (v) Notify officers and committee chairmen of votes, orders, and proceedings affecting or pertaining to their duties.
- (vi) In the absence of the President and Vice-President, the Secretary shall call the meeting to order and shall preside.
- (vii) The Secretary shall attend to such correspondence as the Board or the Association may direct and shall distribute pamphlets, notices, and/or circulars as the Board or Association may direct.

Section 6. Duties of the Treasurer:

- (i) Monitor the financial status of the Association.
- (ii) Perform a monthly review the Association's balance sheet maintained by the Property Management Company.
- (iii) Report any irregularities or unusual transactions to the President as soon as he or she becomes aware of such.

- (iv) Prior to the Spring Meeting, along with the President, audit the Association's account that is maintained by the Property Management Company and provide a written statement on the financial status of the Association.
- (v) Chair the Finance committee.

Section 7. The At Large member of the Board shall have no specific duties.

Section 8. The Board may not act unilaterally on behalf of the Association to amend the Declaration, to terminate the Association or to elect members of the Board or determine the qualifications, powers and duties, or terms of office of Board members.

Article VIII. ASSOCIATION MEETINGS

Section 1. Association Meetings: The regular meetings of the Association shall be for the purpose of receiving reports from the board and standing committees; for the receiving of reports from ad hoc committees; for establishing programs and budgets in the furtherance of the objectives of the Association; and for any other business that may arise. The regular annual meetings of the Association will be held twice a year once in the spring and once in the fall. A simple majority of voting members present shall be considered sufficient to transact business at the regular meetings.

Section 2. Special Meetings: Special meetings of the Association shall be called by the Board upon written request of ten percent (10%) of the Association Members who are entitled to vote. No less than ten (10) days notice of a special meeting shall be given, and only that business specified in the call may be transacted. Twenty per cent (20%) of the voting members shall constitute a quorum at any special meeting of the Association thus called. The Board shall have the power to call special meetings of the Association whenever it seems necessary.

Section 3. Notice of Meetings: In accordance with N.C.G.S/ 47F-3-108 the secretary shall send notice of all Association meeting not less than ten (10) nor more than sixty (60) days in advance of any meeting. Notice can be hand-delivered, sent prepaid by United State mail or sent by electronic email. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to these Bylaws, any budget changes, and any proposal to remove a member of the Board. For the purposes of determining Members entitled to notice of any meetings, the date on which the notice is mailed shall be the record date for the determination of Members.

Section 4. Quorum: The presence of Members entitled to vote and of the proxies of Member entitled to vote totaling ten percent (10%) of the total membership shall constitute a quorum for any action except as otherwise provided in these Bylaws, the Articles of Incorporation, or the Declaration. Once a Member is represented for any purposes at a meeting, the Member is deemed present for quorum purposes for the remainder of the meeting.

Section 5. Proxies: At all meetings of the Association, each Member can vote in person or by proxy. All proxies shall be filed in writing with the Secretary. A proxy is void if it is not dated. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term.

Section 6. Board Meetings: The President shall call a special meeting of the Board whenever the need arises. All business to be considered at a special Board meeting shall be stated in the call. Regular meetings of the Board shall be held at least every six (6) months or at such other intervals as may be established by the Board. At least two (2) days notice of time and place of all Board meetings shall be given. The majority of the Board shall constitute a quorum at any meeting of the Board.

Article IX. PROPERTY MANAGEMENT

Section 1. A Property Management Company will be hired to perform task as set forth by the Association including; payment of bills accrued, obtaining appropriate liability insurance, retaining a landscape service to maintain the Association's common areas, the collection of dues or fees from the Association's membership, and other items required by the Association.

In this document, the Property Management Company will be referred as the Property Manager.

Section 2. A Property Manager shall be selected and retained yearly by a majority of the voting members present at the Spring Meeting.

Section 3. Prior to the Spring meeting, the Board shall review the performance of the current Property Manager and recommend that the Association retain or replace the said Property Manager. If the Board recommends that the Property Manager be replaced, a committee shall be formed to recommend a new Property Manager to the Association.

Section 4. In cases of misconduct, the board may fire the Property Manager at any time when it is deemed to be in the best interest of the Association. In this case the Board shall call a meeting of the Association within thirty (30) days to retain a new Property Manager.

Article X. BUDGET AND DUES

Section 1. The fiscal year of the Association shall be 1 June to 31 May. The annual budget shall cover the fiscal year and shall be prepared on the basis of dues payable for the coming fiscal year.

Section 2. The Board shall present an annual budget and recommend annual dues at the Spring meeting of the Association.

Section 3. Annual dues shall be decided upon at the Spring meeting of the Association. In accordance with N.C.G.S. 47F-3-103 (c), the budget is ratified unless a majority of homeowners in the Association rejects the budget.

Section 4. In addition to levying annual dues, the Association may levy special assessments as the occasion merits with the approval of the majority of the voting members present at an Association meeting. The meeting notice must specifically state that there will be a discussion and vote on the special assessment.

Section 5. As provided for in the Declaration and in N.C.G.S. 47S, each Member is obligated to pay the Association's annual dues and any special assessments. Annual dues and assessments are assessed per Lot and are billed to the Lot Owner. Any dues or assessments not paid when due shall be delinquent. If the assessment is not paid within sixty (60) days after the due date, the assessment shall bear late charges (either a fixed fee or interest on the amount of the assessment from the due date thereof until the day the assessment is paid or both) to be determined by the board, together with all cost and expenses of collection, including reasonable attorney's fees. No Owner can waive or otherwise escape liability for the assessments provide for herein by non-use of the Common Area or abandonment of his/her Lot.

Section 6. Annual dues and special assessments are collected by the Property Manager.

Article XI. COMMITTEES

Section 1. The President shall have the power to appoint committees to investigate any matters of common interest to members of the Association.

Section 2. The Finance committee shall be appointed by the Board after the regular Spring meeting and shall consist of the Treasurer (as Chair) and two voting members of the Association. It shall consider requests for funds, plan a budget, and recommend to the Boards such expenditures as the committee deems expedient.

Section 3. The Architecture committee shall be appointed by the board after the regular Spring meeting and shall consist four voting members of the Association. The Vice-President will be a member of the Architect committee.

Section 4. It is the Architecture committee's responsibility to insure all Association members abide by the Declaration (Protective Covenants) document in. Article II. Section 4 of these Bylaws.

- (i) The Architecture committee will assume the authority to approve request for variances of the Protective Covenants.
- (ii) In accordance with the Protective Covenants, no building shall be erected, placed or altered on any lot until the building plans, specifications, and plot showing the locations of such buildings have been approved in writing by the Architecture committee. Buildings must conform to the external design of existing structures on the same lot.
- (iii) In accordance with the Protective Covenants, plans for fences must be approved in writing by the Architecture committee.
- (iv) Appeals of Architecture committee's decisions can be made to the board. At least three board members must be in agreement to overrule the Architecture committee.
- (v) **Grandfather Cause:** All structures and fences constructed prior to the date these Bylaws were entered shall receive a variance of the Protective Covenants.

Article XII. GENERAL PROVISIONS

Section 1. In the event of a conflict between the provisions of the Declaration and these Bylaws, the Declaration prevails except to the extent the Declaration is inconsistent with N.C.G.S. 47F.

Section 2. In the event of litigation to enforce the provisions of these Bylaws or the Declaration, the party or parties found to be in violation of the Bylaws or the Declaration shall pay the reasonable attorney fees of the party or parties seeking enforcement.

Section 3. In the event an article of these Bylaws is found to be in conflict with North Carolina General Statutes the said article will be invalidated.

Section 4. Invalidation of any article of these Bylaws by judgment or court order shall not effect any other article which shall remain in full force and effect.

Article XIII. PARLIAMENTARY AUTHORITY

Section 1. The rules contained in *Robert's Rules of Order Revised* shall govern this organization in all cases to which they are applicable and in which they are not inconsistent with these Bylaws.

Article XIV. AMENDMENTS

Section 1. These Bylaws may be amended at any special meeting of the Association called for that purpose or at the regular meetings of the Association. Notice of change shall be made available to the members ten (10) days in advance of the meeting.

Section 2. Unless otherwise provided prior to its adoption or in the motion to adopt, an amendment shall become effective upon adjournment of the meeting at which it is adopted.

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