

BY-LAWS

OF

DUTCHESS VILLAGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I - NAME AND LOCATION

The name of the corporation is Dutchess Village Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 301 East Durham Road, Cary, Wake County, North Carolina, but meetings of members and Directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II - DEFINITIONS

Section 1. "Association" shall mean and refer to Dutchess Village Homeowners Association, Inc., its successors and assigns.

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

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area and dedicated streets. Townhouse Lots are those upon which are constructed or are designed for construction thereon of Townhouses. All other Lots are "Single Family Lots".

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 7. "Declarant" shall mean and refer to B.T.D. Corporation, a North Carolina corporation, its successors and assigns.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 9. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III of these By-Laws.

ARTICLE III - MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot 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. The classification of Members and the voting rights of the Members shall be as provided by the Declaration.

Section 2. Property Rights. Each member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area AND FACILITIES TO THE MEMBERS OF HIS FAMILY, HIS TENANTS, GUESTS OR CONTRACT PURCHASERS WHO RESIDE ON THE PROPERTY. 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.

ARTICLE IV - MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Annual Meetings. The annual meeting of the Members shall be held on the 15th day in the month of January in each year, beginning with the year 1985, at the hour of 7:00 o'clock P.M., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of North Carolina, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

Section 2. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 7 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special Meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the written request of the members who are entitled to vote 25% of all the votes of the Class A membership.

Section 4. Place of Meeting. All meetings of the members shall be held at the principal office of the corporation, or at such other place, either within or without the State of North Carolina, as shall be designated on the Notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 5. Notice of Meeting. 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 ten (10) 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 the meeting. Waiver by a Member in writing of the notice required therein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 6. Voting Lists. At least ten (10) days before each meeting of the Members, the Secretary of the corporation shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of each Member, which list shall be kept on file at the registered office of the corporation for a period of ten (10) days prior to such meeting, and shall be subject to inspection by any member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any member during the whole time of the meeting.

Section 7. Closing of Membership Books. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members, or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Board of Directors of the Association shall provide that the membership lists be closed ten (10) days prior to the meeting of the Members.

Section 8. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, ten (10%) percent 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 By-Laws. 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 be represented.

Section 9. Proxies. At all meeting of the 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 V - BOARD OF DIRECTORS

Section 1. General Powers. The property, affairs and business of the corporation shall be managed by the Board of Directors.

Section 2. Number. The number of Directors of the Board of Directors of the Association shall be such number not less than three (3) nor more than nine (9) as from time to time shall be determined by a majority of the Class A Members and a majority of the Class B Members, if any. The Directors need not be Members of the Association.

Section 3. Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years, and one (1) Director for a term of three (3) years. At such time as the Board of Directors of the Association is increased in number as provided herein, the Directors shall be elected or appointed on a staggered year basis in the same manner as provided for herein.

Section 4. Removal. The Board of Directors or any individual Director may be removed from office with or without cause by a vote of a majority of the Members of the Association.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Association as a Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Vacancies. A vacancy in the Board of Directors created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting of Members or at a special meeting of Members called for that purpose. Any vacancy in the Board of Directors created other than by an increase in the number of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director.

ARTICLE VI - NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nomination for election to the Board may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be 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. Cumulative voting is not permitted.

ARTICLE VII - MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, or at such other periodic intervals as may be established by the Board of Directors from time to time without notice, at such place and hour as may be fixed from time to time by

...olution of the Board. Should said meeting fall upon a legal holiday, 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 any two Directors, after not less than three (3) days' 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.

Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. Special meetings shall be called on not less than two (2) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each Director at his residence or usual place of business by mail, cable, telegram or may be delivered personally. The presence of a Director at a meeting shall constitute a waiver of notice of that meeting.

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 Area and facilities, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to the use of any recreational facilities of a Member or his family, guests, etc. during any period in which such Member shall be in default in the payment of any assessment, dues or charge 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 By-Laws, 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;

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

(f) Employ attorneys to represent the Association when deemed necessary.

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 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 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 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 insurance covering the Association, its Directors, officers, agents and employees and to procure and maintain adequate hazard insurance on the real and personal 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 Area to be maintained; and
- (h) Cause the exterior of dwellings on Townhouse Lots to be maintained.

ARTICLE IX - OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and 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 Appointment. 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 may be removed from office with or without cause by the Board. Any officer may resign at any time by 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 may be held by the same person. No person shall simultaneously hold more offices created pursuant to Section 4 of this Article.

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

(a) President. The President shall be the chief executive officer of the corporation and, subject to the instructions and control of the Board of Directors, shall, in general, supervise and control all the business, affairs and property of the corporation and supervise and control the other officers, agents and employees of the corporation. He may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deed, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

(b) Vice President. At the request of the President, or in his absence, death, inability or refusal to act, the Vice President, and if there be more than one (1) vice president, the vice president designated

by the Board of Directors, or in the absence of such designation, the vice president designated by the President, shall perform all the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records, books, reports, statements, certificates and other documents of the corporation, and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (e) sign with the President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 10. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the corporation. He shall keep full and accurate accounts of the finances of the corporation in books specifically provided for that purpose and he shall cause a true statement of its assets and liabilities, as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, including particulars as to convertible securities then outstanding, to be made and filed at the registered or principal office of the corporation within four (4) months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any member for a period of ten (10) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any Member upon his written request for the same. He shall in general perform all duties and have such other authority as from time to time may be assigned or granted to him by the Board of Directors. He may be required to give a bond for the faithful performance of his duties in such form and amount as the Board of Directors may determine.

ARTICLE X - COMMITTEES

The Board of Directors 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 XI - RECORDS AND BOOKS

The records, books and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws 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 - ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten (10%) percent per annum, 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, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIII - 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. As long as there is a Class B membership, any such amendment shall require prior approval of the Veteran's Administration and/or the Department of Housing and Urban Affairs.

Section 2. In the case of any conflict between the Articles of Incorporation and the 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 XIV - 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 incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Dutchess Village Homeowners Association, Inc., a North Carolina corporation, and