

BYLAWS OF  
THE GROVES TOWNHOME ASSOCIATION, INC.

ARTICLE I - OFFICES AND REGISTERED AGENT

(a) The offices of the Corporation shall be located in the city and state designated in the Articles of Incorporation, unless and until otherwise designated by the Board of Directors.

(b) The registered office and agent shall be as designated in the Articles of Incorporation, unless and until otherwise designated by the Board of Directors.

ARTICLE II - MEMBERS

The members of the corporation shall be (a) JVI Construction, Inc. ("the Declarant") for so long as it owns any of the property described below, and (b) every record owner (excluding mortgagees and trustees under deeds of trust) of the property described in the Declaration of Covenants, Conditions, and Restrictions ("the Declaration") recorded in Book 11495 page 1611, Wake County Registry, and any property subjected thereto, by designation, annexation, or otherwise.

Membership is appurtenant to, and inseparable from, ownership of a lot (as defined in the Declaration), and every lot owner (as defined in the Declaration) shall be a member (as defined in the Declaration) of the corporation.

ARTICLE III - MEETINGS OF MEMBERS

Section 1. Annual Meetings: The annual meeting of the members of the corporation shall be held within sixty (60) days after the close of the fiscal year of the corporation for the purpose of electing directors and transacting such other business as may properly come before the meeting.

Section 2. Special Meetings: Special meetings of the members may be called at any time by the Board of Directors, the president, or by the secretary at the written request of ten percent (10%) or more of the members entitled to vote on any issue proposed to be considered thereat, or as otherwise required by law.

Section 3. Place of Meetings: All meetings of members shall be held at the principal office of the corporation unless otherwise specified in the notices or waivers of notice of such meetings.

Section 4. Notice of Meetings:

(a) Except as otherwise provided herein or by law, written notice of each meeting of members, whether annual or special, stating the time when and place where it is to be



held, shall be served either personally or by mail not less than ten (10) days before the meeting upon each member of record entitled to vote at such meeting. Notice of a special meeting shall also state the purposes for which the meeting is called and shall indicate the persons calling the meeting.

(b) A member may waive notice in writing. The member's attendance also constitutes a waiver unless (s)he objects upon his/her arrival at the meeting, or, as to a particular matter not described in a notice, prior to the vote upon that matter.

Section 5. Member list: The secretary shall maintain at the principal office a list of members' names and addresses who are eligible to vote and entitled to notice. The list shall be available for inspection by any member, and his/her agent or attorney.

Section 6. Quorum: Except as otherwise provided herein, in of the above-described property, or by law, at all meetings of members of the Corporation, the presence at the commencement of such meetings in person or by proxy of the owners of thirty percent (30%) of the above-described lots entitled to vote on a matter shall be necessary and sufficient to constitute a quorum for the transaction of that matter. The withdrawal of any member after the commencement of a meeting shall have no effect on the existence of a quorum after a quorum has been established at such meeting.

Section 7. Voting; Action Without Meeting:

(a) Except as otherwise provided herein, in the Declaration, or by law, corporate action to be taken by vote of the members shall be authorized by a majority of votes cast by the members entitled to vote thereon.

(b) The corporation shall have two (2) classes of regular voting membership:

(i) CLASS "A": Class "A" members shall be all owners other than the Declarant; except Declarant shall be a Class "A" member to the extent provided in (B) hereinafter. A Class "A" Member shall be entitled to one (1) vote for each lot owned. For lots owned by more than one person or entity: if only one (1) votes, in person or by proxy, his act shall bind all; (2) if more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all; but in no event shall more than one vote be counted per lot.

(ii) CLASS "B": The Class "B" Member shall be the

Declarant. The Class "B" Member shall be entitled to seven (7) votes for each lot owned by Declarant; provided, the Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

(1) when seventy-five percent (75%) of the lots to be developed in the subdivision are deeded to homeowners, excluding builders; or

(2) July 1, 2035.

(c) Each member entitled to vote may do so by written proxy from the member or his/her attorney in fact, effective upon delivery of same to the secretary. No proxy shall be valid after the expiration of one year from the date of its execution.

(d) Members may act without a meeting if, prior or subsequent to such action, each member who would have been entitled to vote upon such action consents in writing, which shall be filed in the corporate records.

#### ARTICLE IV - DIRECTORS

##### Section 1. Number, Election and Term of Office:

(a) The number of directors of the Corporation shall initially be one (1). By approval of two-thirds (2/3) of the votes cast, and the approval of the Declarant if Declarant owns any of the above-described property, the number of directors may be changed.

(b) Except as may otherwise be provided herein, in the Declaration, or by law, the members of the Board of Directors of the corporation, shall be elected by the members of the corporation by a majority of the votes cast.

(c) Each director shall hold office until his/her successor is elected and qualified, or until his/her prior death, resignation, or removal.

Section 2. Duties and Powers: The Board of Directors shall be responsible for the control and management of the affairs, property, and interests of the corporation and may exercise all powers of the corporation except as are in the Articles of Incorporation or by law expressly conferred upon or reserved to the members.

Section 3. Annual and Regular Meetings: The annual meeting of the directors of the corporation shall be held at the conclusion and at the place of the annual meeting of members for the purpose of electing officers and transacting such other business as may properly come before the meeting. Regular meetings may be established by the Board of Directors.

Section 4. Special Meetings: Special meetings of the directors may be called at any time by the president or any director.

Section 5. Notice of Meetings:

(a) Written notice of each meeting of directors, whether annual, special, or regular, stating the time when and place where it is to be held, shall be served either personally or by mail not less than ten (10) days before the meeting upon each director.

(b) A director may waive notice in writing. The director's attendance also constitutes a waiver unless (s)he objects upon his arrival at the meeting.

Section 6. Quorum: Except as otherwise provided herein, in the Declaration, or by law, at all meetings of directors, the presence at the commencement of such meetings of a majority of board shall be necessary and sufficient to constitute a quorum for the transaction of that matter. The withdrawal of any director after the commencement of a meeting shall have no effect on the existence of a quorum after a quorum has been established at such meeting.

Section 7. Voting; Action Without Meeting:

(a) Except as otherwise provided herein, in the Declaration, or by law, corporate action to be taken by vote of the directors shall be authorized by a majority of votes cast.

(b) Each director shall be entitled to one (1) vote.

(c) Directors may act without a meeting if, prior or subsequent to such action, each director who would have been entitled to vote upon such action consents in writing, which shall be filed in the corporate records.

Section 8. Chairman: At all meetings of the Board of Directors, the chairman of the board, if any and if present, shall preside. If there shall be no chairman, or if he shall be absent, then the president shall preside, and in his absence, a chairman chosen by the directors shall preside.

Section 9. Vacancies: A vacancy in the Board of Directors occurring by reason of an increase in the number of directors, or by reason of the death, resignation, disqualification, removal (except a vacancy created by the removal of a director by the members, which shall be filled by the members at the meeting at which the removal was effected) or inability to act of any director, or otherwise,

shall be filled for the unexpired portion of the term by the unanimous vote of the remaining directors, though less than a quorum.

Section 10. Resignation: A director may resign at any time by giving written notice to the Board of Directors, the president, or the secretary of the corporation. Unless otherwise specified in the notice, resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and acceptance of the resignation shall not be necessary to make it effective.

Section 11. Removal: A director may be removed with or without cause at any time by the members.

Section 12. Salary: No stated salary shall be paid to directors as such for their services except as approved by the members; provided, however, nothing herein contained shall be construed to preclude any director for serving the corporation in any other capacity and receiving compensation therefor.

Section 13. Contracts:

(a) No contract or other transaction between this corporation and any other corporation shall be impaired, affected, or invalidated, nor shall any director be liable, because any one or more of the directors of this corporation is interested in, or is a director or officer, of such other corporation, provided that all pertinent and material facts are fully disclosed to the Board of Directors.

(b) Any director, personally and individually, may be a party to or interested in any contract with or transaction of this corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest is disclosed to the Board of Directors and provided that the quorum and vote to authorize, approve, or ratify such contract or transaction by the vote shall not count the presence or vote of such director.

Section 14. Committees: The Board of Directors, by unanimous vote of the entire Board, may from time to time designate from among its members any executive committee and such other committees and alternate members thereof as they deem desirable, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. The committee members shall serve at the pleasure of the Board.

ARTICLE V - OFFICERS

Section 1. Number, Qualifications, Election, and Term of

Office:

(a) The officers of the corporation shall consist of a president and a secretary, and may include a chairman of the Board of Directors, a treasurer, one or more vice-presidents and assistant secretaries or treasurers, and such other officers as the Board of Directors may, from time to time, deem advisable. Any officer other than the chairman of the Board of Directors may be, but is not required to be, a director of the corporation. Any two or more offices may be held by the same person.

(b) The officers of the corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of members.

(c) Each officer shall hold office until his/her successor shall have been elected and qualified, or his/her prior death, resignation, or removal.

Section 2. Resignation: Any officer may resign at any time by giving written notice of such resignation to the Board of Directors or to the president or secretary of the corporation. Unless otherwise specified in such written notice, resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 3. Removal: Any officer may be removed, either with or without cause, and a successor elected, by the Board at any time.

Section 4. Vacancies: A vacancy in any office by reason of death, resignation, inability to act, disqualification, or any other cause may at any time be filled for the unexpired portion of the term by the Board of Directors.

Section 5. Duties of Officers:

(a) The President shall be chief executive officer of the Corporation. Subject to the authority of the Board, (s)he shall have general charge and supervision over, and responsibility for, the business and affairs of the Corporation. Unless otherwise directed by the Board, all other officers shall be subject to the authority and supervision of the President. The President may enter into and execute in the name of the Corporation contracts or other instruments in the regular course of business or contracts or other instruments not in the regular course of business which are authorized, either generally specifically, by the Board. (S)he shall have the general powers and duties of management usually vested in the office

of President of a corporation.

(b) The Vice President shall perform such duties and have such authority as from time to time may be delegated to him by the President or by the Board. In the event of the absence, death, inability or refusal to act by the President, the Vice President shall perform the duties and be vested with the authority of the President.

(c) The Treasurer (or the Secretary, in the absence of a Treasurer) shall have the custody of the funds and securities of the Corporation and shall keep or cause to be kept regular books of account for the Corporation. The Treasurer shall perform such other duties and possess such other powers as are incident to that office or as shall be assigned by the President or the Board.

(d) The Secretary or Clerk shall cause notices of all meetings to be served as prescribed in these By-Laws and shall keep or cause to be kept the minutes of all meetings of the members and the Board. The Secretary or Clerk shall perform such other duties and possess such other powers as are incident to that office or as are assigned by the President or the Board.

Section 6. Sureties and Bonds: In case the Board of Directors shall so require, any officer, employee, or agent of the corporation shall execute to the corporation a bond in such sum and with such sureties as the Board of Directors may direct, conditioned upon the faithful performance of his/her duties to the corporation, including responsibility for negligence and for the accounting for all property, funds, or securities of the corporation which may come into his/her hands. The corporation shall pay the cost of said bond.

Section 7. Shares of Other Corporations: Whenever the corporation is the holder of shares of any other corporation, any right or power of the corporation as such member (including the attendance, acting, and voting at members' meetings and execution of waivers, consents, proxies, or other instruments) may be exercised on behalf of the corporation by the President, any Vice President, or such other person as the Board of Directors may authorize.

#### ARTICLE VI - FISCAL YEAR

The fiscal year of the corporation shall end on December 31 or at such other times as fixed by the Board of Directors.

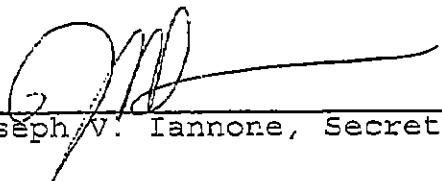
#### ARTICLE VII - CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved by the Board of Directors.

#### ARTICLE VIII - AMENDMENTS

These By-Laws may be amended by affirmative vote or written agreement of two-thirds (2/3) of the members; provided, these By-Laws may not be amended without the consent of the Declarant so long as it owns any of the above-described property.

Approved by the Board of Directors this 28 day of July, 2005.

  
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Joseph V. Iannone, Secretary