

**BYLAWS OF  
THE VILLAGE AT PILOT MILL HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I**

**NAME AND LOCATION.**

The name of the corporation is THE VILLAGE AT PILOT MILL HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association"). The principal office of the Association shall be located at the office of its registered agents, 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 The Village at Pilot Mill Homeowners Association, 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 Mordecai Village Subdivision (also known as The Village at Pilot Mill) 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 also include water lines and sewer lines located within the Common Elements and not within City of Raleigh sanitary sewer easements. 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 104, as shown on the map of A Portion of Mordecai Village, recorded in Book of Maps 2001, 1158, 1159 and 1160, Wake 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 Mordecai Associates, LLC, its successors and assigns to whom any rights of Mordecai Associates, LLC 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, Wake County, North Carolina, and all amendments thereto.

Section 8. "Member" shall mean and refer to every person or entity that 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;
- (h) Payments or obligations to Reserve accounts established and maintained pursuant to the Declaration; and
- (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.

### ARTICLE III

#### MEMBERSHIP

Members of the Association shall be all Owners 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.

### ARTICLE IV

#### MEETING OF MEMBERS

Section 1. Annual Meetings. The Board of Directors shall call an annual meeting of the Association. 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 one fourth (1/4) of all of the votes of the 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 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, or, if the Member has given consent to receiving such notice by email, to the email address supplied by the Member. 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. Copies of the proposed annual budget of expenses shall be included with such notice in respect of any meeting at which the budget will be considered

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 the Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws.

Section 5. Proxies. At all meetings, each Member may vote in person or by proxy executed in favor of another Member. All proxies shall be in writing and delivered to the Secretary or to the person authorized by the Secretary prior to the commencement of the meeting. Each proxy shall be revocable and valid only for the designated meeting.

## ARTICLE V

### BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) Directors who must be Members of the Association.

Section 2. Term of Office. Each director shall be elected for a term of two (2) years. However, Members may vote for terms of longer or shorter duration as the number of Directors transitions from three to five.

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 at an annual or special meeting. A Director is deemed to be removed from the Board without the need for a vote if in default by more than one quarter in the payment of any assessment levied by the Association.

Section 4. Vacancies. If a vacancy occurs as a result of actions taken at a meeting of the Membership, a successor shall be elected by the Members to fill the vacancy created for the remainder of the predecessor's term. If a vacancy occurs outside of an annual or special meeting of the Members, a successor shall be appointed by the Board to serve until the next meeting of Members. Section 5. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Action Taken Without a Meeting of the Directors. 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. Nominations for election shall be made by submission of nominee names by any Member to the Secretary or to the person authorized by the Secretary prior to a regular meeting or shall be made from the floor during the regular meeting with the consent of the nominee.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot in respect of each vacancy to be filled. The persons receiving the most votes shall be elected.

## ARTICLE VII

### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least three times a calendar year at such date, place and hour as may be fixed from time to time by resolution of the Board. Members shall be given notice of meetings of the Board and shall be entitled to observe and to speak at designated portions of such meetings. The Board of Directors shall hold a meeting within thirty (30) days following the Annual Meeting.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by a majority of Directors, after not less than three (3) working days written notice to each Director. Members shall be given notice of such meetings whenever it is practicable to do so.

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 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 and 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 two (2) consecutive regular meetings of the Board of Directors, dies or ceases to be a Member;
  - (e) Employ a manager, an independent contractor, or such other employees as they deem necessary to conduct business for the Association 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 within the Common Elements;
  - (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;
  - (j) Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the Association; and
  - (k) In respect of the above powers, make contracts and incur liabilities on behalf of the Association.

**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 , or at any special meeting of the Members when such statement is requested in writing by one fourth (1/4) of the 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;
  - (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 the time specified by the Association 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 and on behalf of each individual who is or was a director or

- officer of the Association against liability asserted against or incurred by him in that capacity or arising from his status as a director or officer;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
  - (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.

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 or she 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 or she 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 7. 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 have 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. The Secretary may on his own responsibility delegate specific duties to a professional management company employed to manage the Association.

#### 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 authorize all checks after sending copies of invoices and or receipts to the President and securing written approval from the President; 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. The Treasurer may on his own responsibility delegate specific duties to a professional management company employed to manage the Association.

### 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.

## 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, 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.

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) Increase by the Board of Directors. The annual assessment may be increased by up to 20% of the current annual assessment by the Board of Directors without a vote of the Membership.
- (b) Increase by Members. The annual assessment may be increased by a majority vote 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 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 quarterly 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 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 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 portions 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 nonuse 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 from 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 Members present in person or by proxy.

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

Indemnification. The Association shall indemnify each of its directors and officers 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 indemnify or agree to indemnify a person against liability or expenses the person may incur on account of his actions of willful misconduct, gross negligence, fraud or embezzlement. 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.

#### 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.

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 The Village at Pilot Mill Homeowners Association, Inc., have hereunto set our hands, this . . . day of . . . , 2010.