

**By-Laws of
VILLAGE AT THE TRACE PROPERTY OWNERS ASSOCIATION
A Non-Profit Corporation**

ARTICLE I. NAME; PURPOSE OF THE CORPORATION

Section 1. Name. The name of the corporation is VILLAGE AT THE TRACE PROPERTY OWNERS ASSOCIATION.

Section 2. Purpose. The Association does not contemplate pecuniary gain or profit to the members thereof, and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purpose of the Association shall be to provide for administration, maintenance, preservation and architectural control of the Lots and Common Areas within the Village at the Trace Subdivision and to provide all common community services of every kind and nature required or desired within the Development for the general use and benefit of all Lot owners.

ARTICLE II. OFFICE; YEAR

Section 1. Principal Office. The principal office of the Corporation should be located at 1410 Elm Street, Sanford, NC 27330, or such other location as shall be designated by the Board of Directors.

Section 2. Registered Office. The registered office of the corporation required by law may be, but need not be, identical with the principal office.

Section 3. Mailing Address. The mailing of the corporation is: P.O. Box 242, Olivia, N.C. 28368-0242, or such other mailing address as shall be designated by the Board of Directors.

Section 4. Year. The Corporation's fiscal year shall begin January 1 and close December 31.

ARTICLE III. DEFINITIONS

Section 1. "Association" shall mean and refer to Village at the Trace Property Owners Association, a North Carolina not-for-profit corporation.

Section 2. "Building" shall mean and include, but shall not be limited to, both the main portion of a structure built for permanent use and all projections or extensions thereof, including but not limited to swimming pools, patios, garages, outside platforms, canopies, decks, porches and outbuildings. Plans and specifications therefor shall be subject to approval as required by the provisions of the Declaration.

Section 3. “By-laws” shall mean the by-laws of the Association as they now may hereafter exist.

Section 4. “Common Area” shall mean all real property located within the Property owned or maintained by the Association and specifically designated as “Common Area”, including but not limited to areas shown on any recorded plat of the property known as “Common Area” or as beautification easements, together with such facilities and improvements as may be constructed thereon, for the common use and enjoyment of the members of the Association. Further, the Common Area shall include other real or personal property acquired by the Association in accordance with its By-laws and/or Declaration if the same is designated as part of the Common Area.

Section 5. “Declaration” shall mean and refer to the Declaration of Covenants and Restrictions, recorded in Book 1266, Page 457 and Book 728, Page 542, Lee County Registry, or amendments thereto.

Section 6. “Improvement” shall mean any structure or construction of any kind that alters the physical appearance of a Lot, including but not limited to, buildings, outbuildings, roads and driveways (other than those dedicated to public use), parking areas, fences, screening walls, retaining walls, loading areas, signs, utilities, lawns, landscaping and walkways located on Lots together with any construction work or treatment done or applied to a Lot in connection therewith.

Section 7. “Lot” shall mean and refer to any plot of land shown upon any recorded subdivision plat or development plan of the Property with the exception of Common Area and dedicated streets and roads.

Section 8. “Member” shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 9. “Occupant” shall mean any person or entity who occupies, or who has the right to occupy, all or part of any Lot which is a part of the Property, whether such occupancy or right of occupancy is based on ownership, lease, license or easement.

Section 10. “Owner” shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot, or any portion thereof, which is a part of the Property, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE IV. MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership and Voting. All Lot owners, including owners of those lots of future phases of the Development as recorded in the Lee County Registry and owners of lots within areas annexed to the Development, shall automatically become members of the Association by virtue of owning and/or purchasing a Lot within the Development. Lot owners shall be entitled to vote as provided in the Declaration so that the total number of votes shall be equal to the total number of Lots existing within the Development at the time of the then current vote.

Section 2. Suspension of Membership and Voting Rights. During any period in which a member shall be in default in the payment of annual or special assessments levied by the Association, the voting of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, for such periods as hereinafter provided, for violation of any rules and regulations established by the Board of Directors governing the Subdivision, including but not limited to Common Areas.

ARTICLE V. MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held in November of each calendar year, on the day and at the location specified in the notice to members of the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all 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, postage prepaid, not less than ten (10) days nor more than sixty (60) 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. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. Those present at the meeting of members entitled to cast, or of proxies entitled to cast, , one tenth (1/10) of the total votes of the 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 represented.

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

ARTICLE VI. BOARD OF DIRECTORS; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, consisting of not fewer than three (3) nor more than seven (7) directors.

Section 2. Election; Term of Office. Each director shall be elected for a three (3) year term. No more than three (3) directors shall be elected each year to replace the equal number of directors whose terms expire at the end of such year.

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. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve the unexpired term of his or her predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at meeting by obtaining the written and/or electronic mail approval of a majority the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII. NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee and/or 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 of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee 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 eligible voting members of the Association only.

Section 5. 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 VIII. MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meeting of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by agreement of a majority of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two 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.

ARTICLE IX. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) adopt and publish rules and regulations governing the Subdivision, and the personal conduct of the members and their guests therein, and to establish fines or penalties for the infractions thereof;
- (b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association;
- (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; and

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

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by a one fourth (1/4) of the members who are entitled to vote. Such records shall be kept in the manner prescribed in the Declaration.
- (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) Initiate, file with Lee County Registry and foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and/or 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;
- (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; pay all ad valorem taxes, and public assessments relating to the Common Area.

ARTICLE X. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. 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 said officer shall sooner resign, or shall be removed, or otherwise disqualified to serve. No officer shall serve in the same capacity/office for more than four (4) consecutive years. This time limitation may be waived on a case-by-case basis upon the approval of two-thirds (2/3) of the Board of Directors.

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

Section 5. Resignation and Removal. Any officer 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 be 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. Duties. The duties of the officers are as follows:

PRESIDENT

- (a) The President shall preside at all meetings of the Board of Directors and of the members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall be a signor on all bank accounts and co-sign all promissory notes of the Association.

VICE PRESIDENT

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

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.

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 sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year in which total expenditures exceed \$35,000; shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members and shall each month provide the Board of Directors with copies of (i) the most recent bank account statement(s) of all Association bank accounts (ii) a detailed current transaction register and (iii) a budget report showing detailed year-to-date income and expenses compared to the full year approved line item budget amounts.

ARTICLE XI. COMMITTEES

The Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, including without limitation, an Architectural Committee for purposes of carrying out Architectural Control as more fully described in the Declaration.

ARTICLE XII. BOOKS AND RECORDS

The books, records 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 a reasonable cost.

ARTICLE XIII. ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made.

ARTICLE XIV. CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Village at the Trace Property Owners Association.

ARTICLE XV. 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.

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

ARTICLE XVI. NO PERSONAL BENEFIT – DISSOLUTION

Section 1. No portion of the income or assets of the Corporation shall inure to the personal benefit of any officer or Director of the Corporation.

Section 2. Upon the dissolution of the Corporation, any assets on hand or derived from the dissolution shall be distributed as provided in the Articles of Incorporation.

The above by-laws were adopted at the annual meeting of the Association held on November 21, 2013 and were ordered attested by the President and Secretary and filed as part of the minutes of the meeting.

ATTESTED:

JOHN F. WILDER
President

MATT MATTHEWS
Secretary