

BY-LAWS  
OF  
HEATH RIDGE VILLAGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is HEATH RIDGE VILLAGE HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Homeowners Association" or the "Association"). The principal office of the Association shall be located at 7020 Six Forks Road, Raleigh, North Carolina 27615, but meeting of members and directors may be held at such places within Wake County, North Carolina, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Homeowners Association" or "Association" shall mean and refer to HEATH RIDGE VILLAGE HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successor and assigns.

Section 2. "Properties" shall mean and refer to that real property described in Exhibit A of the Declaration and any additional land later annexed into the Association.

Section 3. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties, with the exception of the Homeowners Common Area and Parking Area, if any.

Section 4. "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 5. "Homeowners Common Area" shall mean and refer to all real property owned by the Homeowners Association for the common use and enjoyment of the Owners of Lots within HEATH RIDGE VILLAGE subdivision and any additional area subdivided at a later date, as a part of HEATH RIDGE VILLAGE subdivision.

Section 6. "Declarant" shall mean and refer to Bragg & Associates Building Company, a North Carolina corporation, its successors and assigns.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Homeowners Association.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a subdivided lot which is subject to assessment by the Homeowners Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The voting rights of the membership shall be

appurtenant to the ownership of the Lots. There shall be two (2) classes of Lots with respect to voting rights:

(a) Class A Lots. Class A shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owners of said Lot to one (1) vote. When more than one person owns a interest (other than a leasehold or a security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves determine, but fractional voting shall not be allowed.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. the Declarant shall be entitled to three (3) votes for each Class B Lot.

The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; or

(2) On December 31, ~~1998~~<sup>2005</sup>, whichever event shall first occur.

When the Class B Lots are converted to Class A Lots, Declarant shall have the same voting rights and maintenance assessments as other Owners of Class A Lots.

#### ARTICLE IV

##### PROPERTY RIGHTS

Section 1. Owners Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and access to, from, and over the Homeowners Common area, which right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Homeowners Association to suspend the voting rights of an Owner for any period during which any assessment against his lot remains unpaid, or for a period not to exceed sixty (60) days for an infraction of the published rules and regulations of the Association;

(b) The right of the Homeowners Association to dedicate or transfer all or any part of the Homeowners Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless at least three-quarters (3/4) of each Class of members agree to such dedication or transfer and signify their agreement by a signed and recorded document, provided that this subsection shall not preclude the Board of Directors of the Homeowners Association from granting easements for the installation and maintenance of sewage, utility (including CATV) and drainage facilities upon, over, under and across the Homeowners Common Area without the assent of the Members when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Homeowners Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the Town of Wake Forest or to another non-profit corporation with purposes similar to those of this Association;

(c) The right of the Homeowners Association, with the

written assent of Members entitled to a least two-thirds (2/3) of the votes of each Class of member to mortgage, pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Homeowners Association as set forth herein.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence or a portion of said residence within the Properties as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors governing such use.

Section 3. Conveyance of Title to Homeowners Association. Declarant covenants, for itself and its successors and assigns, that it will convey fee simple title to the Homeowners Common Area to the Homeowners Association prior to the conveyance of the first Lot to an Owner within any phase, section, or annexation. Declarant reserves an easement to, from, over and across the Homeowners Common Area for the purpose of constructing additional residences upon the Lots. Such conveyance shall be free and clear of all encumbrances and liens, except utility and drainage easements of record or shown on the recorded plat of HEATH RIDGE VILLAGE.

ARTICLE V

MEETINGS OF MEMBERS.

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association. Each subsequent regular annual meeting of the Members shall be held at 8:00 p.m. on the same day of the same month of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. special meetings of the Members may be called at any time by the President, the Secretary, or a majority of the members of the Board of Directors. A special meeting of the Members shall be called upon the written request of Members entitled to one-fourth (1/4) of the votes appurtenant to Class A Lots.

Section 3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, written notice of each meeting of the Members shall be given to each Member entitled to vote thereat, such notice being given by or at the direction of the Secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or by hand delivery, not less than fifteen (15) days nor more than fifty (50) days before the date of the meeting, addressed to the Member's address last appearing

on the books of the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in case of a special meeting, the exact purposes of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, the presence at the meeting of Members or of proxies entitled to case, one-tenth (1/10) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum for any action.

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 by the Member of his Lot.

Section 6. Informal Action by Members. any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Homeowners Association to be kept in the minute book of the Association.

## ARTICLE VI

### BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by a Board of Directors.

Section 2. Number, Term and Qualification. The number of directors of the Association shall be three (3) until the first annual meeting of the Association, at which time the number of Directors shall be increase to five (5). At the first annual meeting, the Members shall elect one (1) director to serve for a term of one (1) year, two (2) directors to serve for a term of two (2) years, and two (2) directors to server for a term of three (3) years. At each annual meeting thereafter, the members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) are expiring to serve for a term of three (3) years. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Directors need not be Members of the Association.

Section 3. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) 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 Members or Non-members.

Section 4. Election. Except as provided in this Article, the directors shall be elected by secret written ballot at the

annual meeting of the Members. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by the selection by the remaining directors of a successor, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for actual expense incurred in the performance of his duties.

## ARTICLE VII

### MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, without notice and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then 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 Homeowners Association, or by any two (2) 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 as a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

## ARTICLE VIII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(b) suspend a Member's voting rights and his right to use the Common Area during any period in which he shall be in default in the payment of any assessment levied by the Homeowners pursuant to the provisions of the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its discretion, may determine, for a period not to exceed sixty (60) days for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these By-Laws, the Articles of Incorporation, or the Declarations;

(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, independent contractors, or such other employees as it deems necessary and prescribe their duties; and to contract with a management company to manage the operation of the Association. In the event a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty of ninety (90) days or less notice and any management contract made with the Declarant shall be for a period not to exceed three (3) years;

(f) employ attorneys to represent the Homeowners Association when deemed necessary;

(g) grant easements for the installation and maintenance of sewerage, utility or drainage facilities upon, over, under, and across the Common Area without the assent of the Members, when such easements are necessary for the convenient use and enjoyment of the Properties; and

(h) appoint and remove at pleasure all officers, agents and employees of the Homeowners Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

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 members entitled to at least one-fourth (1/4) of the votes appurtenant to Class A Lots;

(b) supervise all officers, agents and employees of the Homeowners Association and 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 before January 1 of each year;

(2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days before January 1 of each year; and

(3) as to any Lot for which an assessment is not paid within thirty (30) days after it becomes due, bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against such Lot.

(d) issue, or cause an appropriate officer of the Association 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 of Directors for the issuance of such certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability insurance covering the Homeowners Association in an amount no less than ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) and adequate hazard insurance on the real and personal property owned by the Homeowners Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area and all facilities erected thereon to be maintained;

(h) pay all ad valorem and public assessments levied against the real and personal property owned by the Association.

## ARTICLE IX

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President and Vice-President, who shall at all times be a Member 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 the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, be removed, or be otherwise disqualified to serve.

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 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 Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to this Article.

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

follows:

(a) President. 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, promissory notes, mortgages, deeds and other written instruments, and, in the absence of the Treasurer, shall sign all checks.

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

(c) Secretary. 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 Homeowners Association and affix it on all papers requiring a seal, service notice of meetings of the Board and of the Members of the Association and their addresses, and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Homeowners Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks of the Association, shall keep proper books of account, shall cause a annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year, 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.

#### ARTICLE X

##### COMMITTEES

The Board of Directors of the Homeowners Association shall appoint a Nominating Committee, as provided in these By-Laws, and may appoint an Architectural Control Committee, as provided in the Declaration. The Board of Directors may appoint such other committees as it deems appropriate in carrying out its purposes.

#### ARTICLE XI

##### BOOKS AND RECORDS

The books, records and papers of the Homeowners Association shall at all times, during reasonable business hours, be subject to inspection by any Member or his authorized agent. The Declaration, the Articles of Incorporation and the By-Laws of the Homeowners Association shall be available for inspection at the principal office of the Association, where copies may be purchased at a reasonable cost.

#### ARTICLE XII

##### ASSESSMENTS

As more fully provided in Article IV of the Declaration, each Member is obligated to pay to the Homeowners 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 bear interest from the date of delinquency at the rate of ten percent (10%) per annum or the maximum interest rate allowed by law, whichever is less, plus such late

charge as may be established by the Board of Directors, and the Homeowners Association may bring an action at law against the Owner personally obligate to pay the same or foreclose the lien against the Lot for which such assessment is due. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his dwelling unit.

#### ARTICLE XIII

##### CORPORATE SEAL

The Homeowners Association shall have a seal in circular form having within its circumference the words: HEATH RIDGE VILLAGE HOMEOWNERS ASSOCIATION, INC.

#### ARTICLE XIV

Section 1. Amendments. 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 at a meeting duly called for such purpose in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B Membership.

Section 2. Conflicts. In the case of any conflicts 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 XV

##### MISCELLANEOUS

The fiscal year of the Homeowners Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Expenditures by the Homeowners Association for the landscaping, planting and maintenance of areas within Lots, but lying outside of residence buildings and enclosed patio areas as well as upon any landscape easement as shown on the survey of HEATH RIDGE VILLAGE shall be deemed expenditures for the recreation, health, safety and welfare of the residents of the Properties and are hereby authorized.