

BYLAWS OF SOUTHERN VILLAGE HOMEOWNERS ASSOCIATION

(as amended and restated 2-5-07)

ARTICLE I

NAME AND LOCATION

The name of the corporation is Southern Village Homeowners Association, Inc., hereinafter referred to as "Sub-Association". The principal office of the corporation shall be located at the office of its registered agent, but meetings of members and directors may be held at such places within the State of North Carolina, County of Orange, or elsewhere as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

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

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

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

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area and Limited Common Area.

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. "Master Declaration" shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the Office of the Registrar of Deeds of Orange County in Book 1271 Page 165 and as the same may be supplemented ("Supplementary Declaration") and/or amended from time to time as therein provided.

Section 7. "Member" shall mean and refer to those entities entitled to membership as provided in the Master Declaration or a Supplementary Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Sub-Association, and each subsequent regular annual meeting of the members shall be held not later than the 20th day of February of each and every year thereafter, at the hour of 7:00 p.m.

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 ten percent (10%) 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 other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days, but no more than 50 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Sub-Association. or supplied by such member to the Sub-Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Master Declaration, a Supplementary Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at a meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 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.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Sub-Association shall be managed by a Board of no less than three (3) and no more than five (5) directors, who need not be members of the Sub-Association. The number of directors may be changed by amendment of these Bylaws.

Section 2. Term of office. At the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years, and at each annual meeting thereafter the members shall elect one or more directors for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Sub-Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Sub-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 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 V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee appointed by the Board of Directors. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least six times a calendar year, at such place and hour as may be fixed from time to time by resolution of the Board. Members shall be given notice of regular meetings of the Board and shall be entitled to observe such meetings. A schedule of upcoming regular meetings posted on the Sub-Association's website shall serve as notice for this purpose.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Sub-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 VII

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

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Sub-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 Sub-Association all powers, duties and authority vested in or delegated to this Sub-Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, a Supplementary Declaration, or the Master 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 and published on the Sub-Association's website a complete record of all its meetings, acts and corporate affairs;

(b) supervise all officers, agents and employees of this Sub-Association, and to see that their duties are properly performed;

(c) fix the amount of the annual assessment against each lot on or before December 20 of each year and send written notice of each such assessment to every member subject thereto within ten (10) days;

(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 that 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 Sub-Association, if any;

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

(g) cause the Limited Common Area or any other areas of the property for which the Sub-Association is responsible as identified in the Master Declaration or a Supplementary Declaration to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Sub-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 the Sub-Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Sub-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 replaces.

Section 7. Multiple Offices. The offices of secretary 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 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, and shall sign all leases, mortgages, deeds, promissory notes, and other written instruments.

(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 Sub-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 Sub-Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The treasurer shall supervise the financial activities of the Sub-Association, which shall include monitoring receipt and deposit in appropriate bank accounts of all monies of the Sub-Association, the disbursement of such funds as directed by resolution of the Board of Directors, and the keeping of proper books of account. Additionally, the Treasurer 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 same to the members via the Sub-Association's website.

ARTICLE IX

COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purpose. Such committees shall serve at the pleasure of the Board.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Sub-Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Supplementary Declaration, Master Declaration, Articles of Incorporation, and Bylaws of the Sub-Association shall be available for inspection by any member at the principal office of the Sub-Association and shall be published on the Sub-Association's website.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Master Declaration and appropriate Supplementary Declaration, each member is obligated to pay to the Sub-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, a \$20 per month late fee shall be applied to the assessment and the Sub-Association may bring an action at law against the owner personally obligated to pay the same or may foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Limited Common Area or abandonment of his lot.

ARTICLE XII

CORPORATE SEAL

The Sub-Association shall have a seal in circular form having within its circumference the words: Southern Village Homeowners Association, Inc.

ARTICLE XIII

AMENDMENTS

Section 1. These Bylaws 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 any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Master Declaration and these Bylaws, the Master Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Sub-Association shall begin on the first day of January and end on the 31st day of December of every year.

Recorded 2-5-07 by Jeremy Purbrick, Secretary