

**BYLAWS
OF
THERRELL FARMS HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
GENERAL**

These ByLaws are adopted ancillary to the formation of Therrell Farms Homeowners' Association, Inc. (the "Association"), a North Carolina non-profit corporation formed to administer Therrell Farms, a Planned Community formed pursuant to the North Carolina Planned Community Act as adopted in Chapter 47F of the North Carolina General Statutes (the "Act") and described in the Declaration of Covenants, Conditions and Restrictions for Therrell Farms (the "Declaration") which is being executed contemporaneously herewith and filed for record in the office of the Register of Deeds for Union County. The definitions set forth in Section 1 of the Declaration shall have the same meanings herein, and such definitions are hereby incorporated herein by reference.

**ARTICLE II
OFFICES**

2.1. **Principal Office.** The principal office of the Association shall be located at 7824 Pineville Matthews Road, Charlotte, NC 28226.

2.2. **Registered Office.** The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

2.3. **Other Offices.** The Association may have offices at such other places, either within or without the State of North Carolina, as the Executive Board may designate or as the affairs of the Association may require from time to time.

**ARTICLE III
MEMBERSHIP**

3.1. **Membership.** Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the Declaration. Ownership of such lot shall be the sole qualification for membership. As evidence of each Owner's membership, the Association may require each Owner to furnish a photocopy of the page(s) of his deed(s) which contains the name of the Member and the Lot(s) owned by such Member.

3.2. **Classes of Membership.** The Association shall have two classes of voting membership:

(a) Class A Members shall be all Lot Owners with the exception of the Declarant . Declarant may, however, be a Class A Member upon the termination of Class B Membership. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one Person holds an interest in any one Lot, all such Persons shall be Members. The vote of that Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Fractional voting is prohibited.

(b) The Class B Member shall be the Declarant . Class B Members shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership upon the earlier of:

(i) the date the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; provided that the Class B Membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class B Membership to Class A Membership, additional lands are annexed to the Planned Community by the Declarant as provided in the Declaration; or

(ii) December 31, 2015; or

(iii) the effective date of the Declarant's 's written consent to termination.

3.3. **Fines and Suspension of Privileges or Services.** The Association, through its Executive Board, may levy fines against and suspend privileges of or services provide by the Association to a Member in accordance with the Declaration and the Act.

ARTICLE IV MEETINGS OF MEMBERS

4.1. **Place of Meetings.** All meetings of Members shall be held at the principal office of the Association, or at such other place, within Union County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the votes of the Members entitled to vote thereat.

4.2. **Annual Meetings.** A meeting of the Association shall be held at least once each year. The annual meeting of Members for the election of Directors and the transaction other business shall be held at such time and at such place as determined by the Executive Board.

4.3. **Substitute Annual Meeting.** If the annual meeting shall not be held on the day designated by these ByLaws, a substitute annual meeting may be called in accordance with the

provisions of Section 4.4 of this Article IV. A meeting so called shall be designated and treated for all purposes as the annual meeting.

4.4. **Special Meeting.** Special meetings of the Association may be called by the President, a majority of the Executive Board or by Lot Owners having ten (10%) percent of the votes in the Association.

4.5. **Notice of Meetings.** Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Association's Secretary or any other officer of the Association shall cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or the ByLaws, any budget changes, and any proposal to remove a Director or officer.

4.6. **Voting Lists.** At least ten days before each meeting of Members the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of and number of votes held by each, which list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

4.7. **Quorum.** A quorum is present throughout any meeting of the Association if persons entitled to cast ten (10%) percent of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting.

The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding anything herein or in the Declaration to the contrary, the quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. The foregoing provision shall continue to reduce the quorum by fifty (50%) percent from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

4.8. **Proxies.** Votes may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. If a Lot is owned by more than one person, each owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Member may not revoke a proxy given pursuant to this section except by actual notice to the person presiding over a meeting

of the Association. A proxy is void if it is not dated. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term.

4.9. **Voting.** The vote of a majority of the votes on any matter present at a meeting of Members at which a quorum is present, regardless of class, shall be the act of the Members on that matter, unless the vote of a greater number is required by law or by the Articles of Incorporation, the Declaration or ByLaws of this Association. If only one of the multiple owners of a Lot is present at a meeting of the Association, the owner who is present is entitled to cast all votes allocated to that Lot. If more than one of the multiple owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple owners, unless the Declaration or these ByLaws expressly provide otherwise. Majority agreement is conclusively presumed if any one of the multiple owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any other owners of the Lot.

4.10. **Informal Action.** 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 Association to be kept as part of the Association's records.

4.11. **Presiding Officer.** The President of the Association, or in the absence of the President, the Vice President shall preside at all meetings of the Members and the Secretary of the Association shall act as the Secretary thereof. In the absence of the Secretary, the President shall designate some other person to act as the Secretary of the meeting. In the absence of both the President and the Vice-President, the Members present at the meeting shall elect a Presiding Officer for such meeting.

4.12. **Order of Business.** The order of business at the annual meeting and at any special meeting of the Members shall be as follows:

- (a) The calling of the meeting to order;
- (b) The calling of the roll;
- (c) The announcement by the Presiding Officer of the purpose of the meeting and of the nature of the business which may be presented by it;
- (d) The reading and approval of the minutes of any former meeting of the Members, the Minutes of which have not been previously read and approved;
- (e) The presentation of and action, if required, upon reports of officers and committees;
- (f) Unfinished business;

(g) New business, including the election of Directors for the forthcoming year if the meeting be an annual meeting; and

(h) Adjournment.

ARTICLE V EXECUTIVE BOARD

5.1. Number, Term and Qualification. The number of Directors constituting the Executive Board shall be not less than three (3) nor more than six (6) as may be fixed by resolution duly adopted by the Members or by the Executive Board prior to the annual meeting of which such Directors are to be elected; and, in the absence of such a resolution, the number of Directors shall be the number elected at the preceding annual meeting. Any Directorships not filled by the Members shall be treated as vacancies to be filled by and in the discretion of the Executive Board.

Each Director shall hold office for a 3 year term, or until his death, resignation, removal, disqualification, or his successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or Members of the Association.

5.2. Nomination. Nomination for election to the Executive Board shall be made by the Executive Board. Nominating may also be made from the floor at the annual meeting. The Executive Board shall make as many nominations for election to the Executive Board 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.

5.3. Election of Directors. Except as provided in Section 5 of this Article V, the Directors shall be elected at the annual meeting of Members; and those persons who receive the highest number of votes shall be deemed to have been elected. If any Member so demands, the election of Directors shall be by ballot. Cumulative voting is not permitted.

5.4. Removal. Any Director may be removed at any time with or without cause by a vote of the Members holding a majority of the outstanding votes entitled to vote at an election of Directors. If any Directors are so removed, new Directors may be elected at the same meeting.

5.5. Vacancies. Any vacancy occurring in the Executive Board may be filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum, or by the sole remaining Director. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of an increase in the authorized number of Directors shall be filled only by election at an annual meeting or at a special meeting of Members called for that purpose.

5.6. **Chairman of Board.** There may be a Chairman of the Executive Board elected by the Directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Board.

5.7. **Compensation.** The Executive Board may not compensate Directors for their services as such, but may provide for the payment of any or all expenses incurred by Directors in attending regular and special meetings of the Board or in performing his duties.

ARTICLE VI MEETING OF DIRECTORS

6.1. **Regular Meetings.** A regular meeting of the Executive Board shall be held immediately after, and at the same place as, the annual meeting of Members. In addition, the Executive Board may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

6.2. **Special Meetings.** Special meetings of the Executive Board may be called by or at the request of the President or any two Directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

6.3. **Notice of Meetings.** Regular meetings of the Executive Board may be held without notice. The person or persons calling a special meeting of the Executive Board shall, at least three (3) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

6.4. **Waiver of Notice.** Any Director may waive notice of any meeting. The attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

6.5. **Quorum.** A quorum is deemed present throughout any meeting of the Executive Board if persons entitled to cast fifty (50%) percent of the votes on the Executive Board are present at the beginning of the meeting.

The Directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum.

In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present. Notwithstanding anything herein or in the Declaration to the contrary, the quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. The foregoing provision shall continue to reduce the quorum by fifty (50%) percent

from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

6.6. **Manner of Acting.** Except as otherwise provided in these by-laws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Executive Board.

6.7. **Presumption of Assent.** A Director who is present at a meeting of the Executive Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

6.8. **Informal Action by Directors.** Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken,

6.9. **Committees of the Executive Board.** The Executive Board, by resolution adopted by a majority of the number of Directors fixed by these by-laws, shall designate three or more Directors to constitute an Architectural Committee as provided in the Declaration and may appoint other committees as it deems appropriate. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Executive Board, or any member thereof, of any responsibility or liability imposed upon it or him by law.

ARTICLE VII POWERS/DUTIES OF EXECUTIVE BOARD

7.1. **Powers.** The Executive Board shall have power to:

- (a) adopt and-publish rules and regulations governing the use of the Common Elements, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) levy fines against and suspend privileges of or services provide by the Association to a Member in accordance with the Declaration and the Act;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association by the provisions of these ByLaws, the Articles of

Incorporation, or the Declaration 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 Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties. Until such time as all Class B memberships shall cease, the Association shall not enter into any lease or contract (including management contracts) unless there is a right of termination of any such lease or contract, without cause, which is exercisable without penalty upon not more than ninety (90) days' notice to the other party.

7.2. **Duties.** It shall be the duty of the Executive Board to:

(a) cause to be kept, maintained and made available for examination by any Lot Owner or such Lot Owner's authorized agents, a complete record of all its acts and corporate affairs, including, without limitation, all such financial and other records as may be required by N.C.G.S. § 47F-3-188(a), 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 one-fourth (1/4) of the Class A Members who are entitled to vote;

(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 fifteen (15) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same in accordance with the Declaration and the Act.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person entitled to receive the same as set forth in the Declaration or in N.C.G.S. § 47F-3-118, a statement setting forth whether there are, and if so the amount of, unpaid

assessments or other charges against any Lot. 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 as otherwise provided for in the Declaration;

(f) pay ad valorem taxes and public assessments levied against the Common Elements;

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

(h) cause the Common Elements and the improvements to the Common Elements to be maintained; and

(i) direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties set forth in the Declaration.

7.3 Delegation of Powers/Duties. The Executive Board may delegate any of its powers and/or duties as may be permitted under the Declaration, the Association's Articles of Incorporation or other provisions of these ByLaws.

ARTICLE VIII OFFICERS

8.1. Officers. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Executive Board may from time to time elect. Any two or more offices may be held by the same person, but no officer may act in more than one capacity where action of two or more officers is required.

8.2. Election, Term and Qualification. The officers shall be elected by the Executive Board and each officer shall hold office until his death, resignation, retirement, removal, disqualification or his successor shall have been elected and qualified. Only members of the Executive Board shall serve in the capacity of President and Vice-president. Other officers need not be Directors or Members of the Association.

8.3. Compensation of Officers. The Executive Board shall fix the compensation of officers; however, in no event shall Members of the Association be compensated for serving as an officer except to the extent necessary to reimburse said officer for expenses incurred in performing his duties on behalf of the Association.

8.4. **Removal.** Any officer or agent elected or appointed by the Executive Board may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the persons so removed.

8.5. **Bonds.** The Executive Board may by resolution require an officer, agent, or employee of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Executive Board

8.6. **President.** The President shall be the principal executive officer of the Association and, subject to the control of the Executive Board, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members. He shall sign, with the Secretary, an Assistant Secretary, or any other proper officer, any deeds, deeds of trust, mortgages, bonds, contracts, or other instruments which the Executive Board has authorized to be executed, except in cases where the starting and execution thereof shall be expressly delegated by the Executive Board or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Executive Board from time to time.

8.7. **Vice-Presidents.** In the absence of the president or in the event of his death, inability or refusal to act, the Vice-Presidents in the order or their length of service as Vice-Presidents, unless otherwise determined by the Executive Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or Executive Board.

8.8. **Secretary.** The Secretary shall: (a) keep the minutes of the meetings of Members, of the Executive Board and of all Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents file execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (e) keep or cause to be kept a record of the Association's Members, giving the names and addresses of all Members and the number of votes held by said addresses of all Members and the number of votes held by each, and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (1) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Executive Board.

8.9. **Assistant Secretaries.** In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant

Secretary, unless otherwise determined by the Executive Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Executive Board.

8.10. **Treasurer.** The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected; (b) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and there kept for a period of at least ten years; (c) cause, at the direction of the Executive Board, an independent annual audit be made of the books and records of the Association, (d) issue, at the direction of the Executive Board, certificates as to whether assessments on a specified Lot have been paid; and (e) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Executive Board, or by these By-Laws.

8.11. **Amendments to the Declaration.** All duly adopted amendments to the Declaration may be prepared, executed, certified and recorded by, or at the direction of, the President or Vice President, and when any such amendment is to be attested as part of its execution, it may be attested by the Secretary or an Assistant Secretary.

ARTICLE IX MEMBERSHIP REGISTER

9.1. For the purpose of determining members of the Association entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Executive Board may provide that the membership register shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the membership register shall be closed for the purposes of determining members entitled to notice of or to vote at a meeting of Members, such books shall be closed for at least ten (10) days immediately preceding such meeting.

9.2. In lieu of closing the membership register, the Executive Board may fix in advance a date as the record date for any such determination of Members, such record date in any case to be not more than fifty (50) days and, in case of a meeting of Members, not less than ten (10) days immediately preceding the date on which the particular action, requiring such determination of Members is to be taken.

9.3. If the membership register is not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members.

9.4. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the membership register and the stated period of closing has expired.

ARTICLE X GENERAL PROVISIONS

10.1. **Books & Records.** The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, his agent or attorney, for any proper purpose. The Declaration, the Articles of Incorporation and the By-Laws of the Association and the Financial statements for the Association for the immediately preceding fiscal year shall be available for inspection by any Member and any first mortgage holders, their insurers or guarantors, at the principal office of the Association, where copies may be purchased at reasonable cost.

10.2. **Seal.** The seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the Association's seal.

10.3. **Waiver of Notice.** Whenever any notice is required to be given to any Member or Director by law, by the Articles of Incorporation, Declaration or by these ByLaws, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be equivalent to the giving of such notice.

10.4. **Fiscal Year.** The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December or every year, except that the first fiscal year shall begin on the date of incorporation.

10.5. **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 in person or by proxy.

10.6. **Rules of Construction.** In the event of a conflict between the provisions of the Declaration and the Association's ByLaws, the Declaration shall prevail except to the extent it is inconsistent with the Act. To the extent any provisions of the Declaration, the Association's Articles of Incorporation or ByLaws violate the Act, such provisions shall be deemed amended and shall be construed to the extent necessary to comply with the Act.

Adopted this _____ day of _____, 2003, by the undersigned Directors.

**THERRELL FARMS HOMEOWNERS'
ASSOCIATION, INC.**

Director

Director

Director

The undersigned hereby certifies that the foregoing constitute a true and accurate copy of the ByLaws of THERRELL FARMS Homeowners' Association, Inc.

This the _____ day of _____, 2003.

Secretary