

BYLAWS  
OF  
PRESTON VILLAGE COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is PRESTON VILLAGE COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located in Cary, Wake County, North Carolina, but meetings of Members and Directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The following words when used in these Bylaws or any amendments hereto (unless the context shall otherwise require) shall have the following meanings:

- a. "Articles" shall mean and refer to the Articles of Incorporation of the Association.
- b. "Association" shall mean and refer to the Preston Village Community Association, Inc., a North Carolina nonprofit corporation, and/or any surviving corporation resulting from merger of Preston Village Community Association, Inc. with another association as allowed in the Declaration.
- c. "Board" shall mean and refer to the Board of Directors of the Association.
- d. "Bylaws" shall mean and refer to the Bylaws of the Association as they may now or hereafter exist.
- e. "Common Area" or "Common Property" or "Common Open Space" (these terms being used interchangeably herein) shall mean and refer singularly or collectively, as applicable, to all real property and improvements thereon or associated therewith, which is/are owned or leased by the Association; easements granted to or reserved by or on behalf of the Association (or the Declarant for later transfer or assignment to the Association); and other real property which has been designated by Declarant as Common Area on a recorded plat, in a Supplemental Declaration, or in a deed or other written instrument, and also shall refer to all personal property owned or leased by the Association and designated as Common Area by the Declarant or the Association. The Common Area is for the common use, enjoyment or benefit of the Owners, and/or for the enhancement or protection of the Property or any part thereof, and may include, without limitation, active and passive recreational areas and facilities. All Common Area shall

be subject to the terms and conditions of the Declaration. Common Area also may include, as determined by Declarant in its sole discretion, all water retention ponds and areas, if any, including all facilities, structures and improvements associated therewith, required to be constructed, repaired, replaced or maintained on or near the Property or any portion thereof by the laws, rules or regulations of any governmental authority having jurisdiction thereof and which is required to handle water runoff from any part or all of the Property.

f. "Common Expenses" shall mean and refer to (i) expenses of administration, maintenance, improvement, repair or replacement of Common Area or Common Property and/or Landscaped Rights-of-Way and/or Roadway Medians, (ii) expenses declared to be or described as Common Expenses by the provisions of the Declaration, (iii) premiums for hazard, liability or other insurance as may be obtained by the Association, and (iv) all other expenses incurred by the Association in carrying out its functions and duties under the Declaration.

g. "Declarant" shall mean and refer to SAS Institute Inc. dba Preston Development Company, its successors and assigns (in whole or in part). For the purposes of Article V of the Declaration only, in establishing the time when an annual assessment or special assessment is applicable to a Lot, the term "Declarant" shall include any Person to whom the Declarant or such Person has conveyed an undeveloped portion of the Subdivision for development by such Person into Lots (it being contemplated by Declarant that there may be instances in which a certain section or phase of the Property is conveyed to another Person who will develop same into residential Lots or residential property), and who has been designated as such by the Declarant.

h. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Preston Village Subdivision, recorded in the Wake County Registry in Book 5843, Page 0613, as it may be amended and supplemented (by Supplemental Declarations) from time to time as therein provided.

i. "Dedicated Common Area" or "Dedicated Common Property" or "Dedicated Open Space" (these terms being used interchangeably herein) shall mean and refer to all real property conveyed by the Declarant or the Association to the Town of Cary, North Carolina or some other governmental entity in satisfaction of some recreational, open space or other requirement of the Town of Cary or such other governmental entity in connection with the approval of the Subdivision or any part thereof. All Dedicated Common Area shall be exempt from the provisions of the Declaration. If any real property is made subject to the Declaration and subsequently is determined by Declarant to be Dedicated Common Area, Declarant or the Association may convey such property to the Town of Cary or other appropriate governmental entity free and clear of the provisions of the Declaration and, upon recordation of the deed therefor, the Declaration shall thereafter be deemed to be inapplicable to such property.

j. "Improvement" or "Improvements" shall mean and include all buildings, storage sheds or areas, roofed structures, decks, patios, parking areas, exterior recreational areas, recreational equipment and facilities, mailboxes, exterior antennae, dishes or other apparatus to receive or

transmit television or radio or microwave or other signals, loading areas, trackage, fences, walls, hedges, mass plantings, poles, driveways, ponds, lakes, changes in grade or slope of a Lot, site preparation of a Lot, landscaping, exterior clotheslines, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape and any other exterior construction or exterior structure or other exterior improvement which may not be included in any of the foregoing. The definition of Improvements includes both original Improvements and all later changes and additions to Improvements.

k. "Landscaped Rights-of-Way" shall mean the medians and other areas within public or private street rights-of-way within or adjoining the Property which are designated as Landscaped Rights-of-Way by Declarant.

l. "Limited Common Area" or "Limited Common Property" or "Limited Common Open Space" (these terms being used interchangeably herein) shall mean and refer singularly or collectively, as applicable, to all real property and improvements thereon or associated therewith, and to all personal property, which is/are owned or leased by, or located in an easement granted to or reserved by or on behalf of, the Association (or the Declarant for later transfer or assignment to the Association) for the use, improvement, enhancement or benefit of Owners of Lots in a particular section or phase located within the Subdivision, or for the enhancement or protection of such portion of the Subdivision, and which has been designated by the Declarant as Limited Common Area (the question of such use, improvement, enhancement or benefit being as determined by Declarant). There may be Limited Common Area in one or more sections or phases located within the Subdivision. Limited Common Area shall, for the purposes of the Declaration, be considered a sub-classification of Common Area and, except as may be otherwise provided herein, (i) all provisions of the Declaration relating to the rights, duties and obligations of the Association with respect to the Common Area shall apply to the Limited Common Area; and (ii) all provisions of the Declaration relating to the rights and obligations of Owners or Members with respect to Common Area shall, with respect to Limited Common Area, be exercised by or imposed upon only those Owners of Lots in phases or sections of the Subdivision to which the particular Limited Common Area relates (as determined by the Declarant).

m. "Lot" shall mean and refer to any numbered or lettered plot of land which is part of the Property, is intended for single-family residential use and is shown on any plat in the office of the Register of Deeds, Wake County, North Carolina which Declarant has recorded, caused to be recorded or approved for recordation. Declarant hereby reserves the right to reconfigure, at any time and from time to time, without the consent of the Owners or Members of the Association, the boundaries of any Lot owned by the Declarant and to thereby reconfigure Lots, create additional Lots, eliminate existing Lots, create existing Common Area or reduce proposed Common Area not yet conveyed to the Association (provided that no such reduction violates any applicable ordinances of the Town of Cary or other governmental entity having jurisdiction over such Common Area). Declarant's exercise of the right shall be evidenced by the recording of a revised map of the affected Lot or Common Area. Upon the recording of any such revised

map, each Lot shown on the previously recorded map that has been revised by the new map shall cease to be a "Lot" as defined herein and each revised Lot as shown on the new map shall be a "Lot" as defined herein.

n. "Maintain", "Maintenance" or any substantially similar term used in the Declaration, when applied to a power or duty of the Association shall mean and include, without limitation, the right to maintain, repair, replace, improve, operate and use the improvement, property or other item which is the subject thereof.

o. "Member" shall mean and refer to each Owner of a Lot who is a member of the Association as provided in the Declaration.

p. "Owner" shall mean and refer to the owner of record as shown in the Wake County, North Carolina Registry, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

q. "Person" shall mean and refer to any individual, corporation, partnership, association, trust or other legal entity.

r. "Property" shall mean the Property described on Exhibit A to the Declaration and any and all other Additional Property (as therein defined) made subject to the Declaration by Supplemental Declaration or merger or consolidation as provided therein.

s. "Roadway Medians" shall mean all areas within public or private street rights of way within or adjoining the Property that are not Landscaped Rights-of-Way and which have been designated as Roadway Medians by Declarant.

t. "Subdivision" shall include the Preston Village Subdivision as shown on plats thereof recorded by or with the consent of the Declarant in the Wake County, North Carolina Registry. (It is contemplated by the Declarant that the Subdivision may be recorded on several maps, which may be recorded at different times and may show different phases of the Subdivision.)

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Each and every Owner of a Lot shall automatically become and be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and the Board may make reasonable rules relating to the

proof of ownership of a Lot. A Person's membership in the Association shall terminate automatically whenever such Person ceases to be an Owner, but such termination shall not release or relieve any such Person from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of such Person's ownership of a Lot, or impair any rights or remedies which the Association or any other Member has with regard to such former Member.

Section 2. Classes of Voting Members. Subject to the rights of Declarant to create an additional type of membership reserved in the Declaration, the Association shall have two classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant until such time as Declarant's Class B Membership is converted to Class A Membership as provided in this Article. Subject to the provisions of the Declaration with respect to voting on matters affecting Limited Common Area, a Class A Member shall be entitled to one (1) vote for each Lot owned by such Class A Member at the time notice is given of the particular meeting at which Class A membership votes are eligible to be cast. Provided, when two (2) or more Persons own or hold interests in any Lot, all such Persons shall be Class A Members, and the one (1) vote for such Lot shall be exercised as they, among themselves, determine (including the division thereof into fractional votes), but in connection with any particular vote no more than one Class A membership (1) vote shall be cast with respect to each Lot.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned by the Class B Member at the time notice is given of the particular meeting at which the Class B votes are eligible to be cast.

The Class B Membership shall terminate and be converted to Class A Membership upon the happening of the first to occur of the following:

(a) when the total votes outstanding in Class A Membership equal the total votes outstanding in Class B Membership. Provided, however, and notwithstanding anything to the contrary that may appear herein or in the Declaration, if at any time prior to January 1, 2014 the Class B Membership terminates for the foregoing reason and thereafter Declarant, pursuant to Section 2 of Article II of the Declaration, annexes Additional Property to the Declaration such that, following such annexation, if votes are allocated to the Lots owned by Declarant at the rate of three (3) votes per Lot Declarant's total outstanding votes would exceed the total outstanding votes of the Class A Members, the Class B Membership shall be reinstated until such time as it again terminates due to one of the events of termination stated herein. Prior to January 1, 2014 or the voluntary termination of the Class B Membership by Declarant, whichever first occurs, there shall be no limitation on the number of times the Class B Membership may terminate and be reinstated in accordance with the provisions of this paragraph (a); or

(b) voluntary termination by Declarant; or

(c) January 1, 2014.

Section 3. Voting, Quorum and Notice Requirements. Except as may be otherwise specifically set forth in the Declaration, the Articles or the Bylaws, the vote of the majority of the aggregate votes entitled to be cast by all classes of the Members present, or represented by legitimate proxy, at a legally constituted (duly called) meeting of the Association at which a quorum is present, shall be the act of the Members with respect to the matter that is the subject of such vote. The number of votes required to constitute a quorum shall be as set forth herein, unless a different number is required by the Articles or the Declaration. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or in the Declaration.

#### ARTICLE IV

##### MEETINGS 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 Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter at such time and place as the Board of Directors may prescribe.

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 cast one-fourth (1/4) of all the votes of the Class A 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, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of that 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. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at

any meeting, the Members entitled to vote thereat shall have the 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

## ARTICLE V

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

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors who need not be Members of the Association. The Board of Directors shall consist of three (3) persons.

Section 2. Term of Office. At the first annual meeting the Members shall select two (2) directors for a term of two (2) years and one (1) director for a term of one (1) year; and at each annual meeting thereafter the Members shall elect directors for a term of two (2) 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 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 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 VI

### NOMINATION AND ELECTION OF DIRECTORS

Section 1. 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 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 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 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 Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE VII

### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place and with such notice as shall be determined by resolution of a majority of the Directors.

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 VIII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. In addition to or in furtherance of the powers of the Board set forth in the Declaration, the Board shall have power to:

a. adopt and publish rules and regulations governing the use of the 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 of a Member during any period in which such Member shall be in default in the payment of any assessment, dues or charge levied by the Association. Such right may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

c. contract with any third party or any Owner (including, without limitation, Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association;

d. subject to all required approvals of the Members, acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

e. borrow money to carry out the functions of the Association, and with the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the following purpose, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

f. subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting at which a quorum is present, dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and upon such conditions as the Board, or the Members who exercise the required affirmative vote (if the motion or resolution passed by such vote contains such conditions), may determine.

g. participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association, provided that any such merger or consolidation shall be authorized by the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the foregoing purpose;

h. employ a manager or firm to manage the business and property of the Association, and to employ independent contractors or such other employees as the Board may deem necessary;













