

# BYLAWS OF FEARRINGTON HOMEOWNERS ASSOCIATION, INC.

(As passed by the Association membership at the FHA Annual Meeting of November 14, 1993 and further amended by the Association membership at the FHA Annual Meetings of November 12, 1995, November 16, 1999 and November 13, 2005. Details of these amendments are included in the **NOTES** at the end of the BYLAWS.)

## ARTICLE I Offices

SECTION 1: PRINCIPAL OFFICE: The principal office of the Association shall be in Chatham County, North Carolina.

SECTION 2: REGISTERED OFFICE: The registered office of the Association is #26 Fearington Post, Fearington Village, NC 27312.

## ARTICLE II Definitions

SECTION 1: "ASSOCIATION" shall mean and refer to Fearington Homeowners Association, Inc., its successors and assigns.

SECTION 2: "PROPERTIES" shall mean and refer to that certain property described in the respective Declarations of Restrictive Covenants and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 3: "COMMON AREAS" shall mean all real property and easements owned by the Association for the common use and enjoyment of the Owners.

SECTION 4: "LOT" shall mean and refer to any plot of land shown upon the recorded subdivision map of the Properties with the exception of the Common Areas.

SECTION 5: "OWNER" shall mean and refer to the owner of record whether one or more persons or entities, of the fee simple title to any lot which is part of the Properties, but excluding those have such interest merely as security for the performance of an obligation.

SECTION 6: "DECLARATIONS" shall mean and refer to the respective Declarations of Restrictive Covenants applicable to the properties recorded in the Office of the Register of Deeds of Chatham County, North Carolina.

SECTION 7: "MEMBER" shall mean and refer to those persons entitled to membership as provided in the Declarations. Multiple owners of Lot(s) are eligible for the privileges of membership in the Association, however, the Owners(s) is entitled to only one vote for each Lot owned except that owners of contiguous lots, which in combination are suitable for only a single dwelling, shall be treated as owning a single lot.

SECTION 7A. "FHA ASSOCIATE." There is hereby established an **FHA Associate** category which shall apply only to residents of Galloway Ridge as identified by the Galloway Ridge Board of Directors. Because of the legal requirements of the covenants under which the FHA operates, such **FHA Associates** will not be able to vote on issues that may come before the FHA Board of Directors nor become an officer or member of the Board of Directors or the Nominating Committee. In all other respects **FHA Associates** will have the

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same rights and privileges accorded to regular members. **FHA Associates** are not subject to special assessments but will pay monthly dues at a rate of 75% of the FHA regularly established dues.

SECTION 8 "CUMULATIVE VOTING" shall mean voting more than once for an individual candidate, when the voter has the right to cast more than one vote in order to fill more than one vacancy.

## ARTICLE III Meetings of Members

SECTION 1: ANNUAL MEETINGS. Annual meetings of the members shall be in November on a day to be specified by the Board of Directors in a notice given to members as provided in Section 3 of this Article.

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 10% of the members who are entitled to vote.

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 posting such notice in the mail kiosks or such other places as may be used for the communication of community information and by printing such notice in the Fearrington Newsletter or its successor at least twenty (20) days before such meeting. In addition, such written notice shall be mailed, postage paid, to each absentee member entitled to vote, at least twenty (20) days before such meeting to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

SECTION 4: QUORUM. A Quorum shall consist of 10% of the Association members who are eligible to vote. A majority vote of those present in person or by proxy shall be required for any action except as otherwise provided in the Articles of Incorporation, the Declarations, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to recess the meeting from the announced time and places to another time and place without further notice.

SECTION 5: PROXIES. At all elections and 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 IV Nominating Committee

SECTION 1: COMPOSITION. There shall be a Nominating Committee of the Association made up of six members, each elected for a two year term or until their successors are elected or appointed. Board members, including officers, are not eligible for membership on the Nominating Committee.

SECTION 2: ELECTION. The eligible members of the Committee shall be elected annually from a slate prepared by the Nominating Committee which shall include their nominees and such others as may be nominated by petition. Election to the Nominating Committee shall be by secret ballot. At each 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 Declarations. The persons receiving the largest number of votes shall be elected. Cumulative voting is not

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permitted. All ballots must be received by the Secretary by mail or in person before the Annual Meeting is officially called to order. Late ballots will be disqualified.

SECTION 3: DUTIES. The Nominating Committee shall prepare a single slate of nominees to fill the expiring terms of Officers, of members of the Board and of members of the Nominating Committee. The nominees shall be selected so that the Nominating Committee and the Board will reflect, as far as possible, the demographics of the Association members.

SECTION 4: PROCEDURES. At least sixty (60) days before the Annual Meeting the slate proposed by the Nominating Committee shall be posted in the kiosks and/or such other normal places for communication of community information as shall be in use at that time. It shall also be printed in the Fearrington Newsletter or its successor. With these communications there shall be an explanation that other nominations may be made by petition signed by at least twenty (20) members of the Association, provided there is written permission from the nominee. The names of all nominees by petition must be received thirty (30) days before the Annual Meeting and will be printed on the Association ballot and circulated by mail to all members.

SECTION 5: SELECTION OF CHAIRPERSON. The outgoing Committee Chairperson shall call a meeting of the succeeding Nominating Committee between the close of the Annual Meeting and January 1 of the following year for the purpose of presiding while the committee members elect a chairperson to serve until the close of the next Annual Meeting.

### ARTICLE V

#### Board of Directors Including Officers; Election; Term of Office

SECTION 1: NUMBER. The affairs of this Association shall be managed by a Board of Directors which shall consist of the five (5) officers of the Association (President, Vice-President, Secretary, Treasurer and Financial Officer) and five (5) other directors, ten (10) in total.

SECTION 2: TERMS OF OFFICE. Terms of office shall begin on January 1 of the year following election. At each annual election, the members shall elect a President and Vice-President for a one-year term and, as needed, the Secretary, Treasurer and Financial Officer for two year terms to replace those whose terms are expiring; except the first term of the newly elected Financial Officer shall be one term in order to stagger that officer's term with the Treasurer's term of office. An Officer or Director may be elected by the members for an additional term, except that said Officer or Director shall not be eligible for re-election in the event such expiring term is the second consecutive term to which the member has heretofore been elected an Officer or Director.

SECTION 3: ELECTION. Election as an Officer or to the Board of Directors shall be by secret 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 Declarations. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. All ballots must be received by the Secretary by mail or in person before the Annual Meeting is officially called to order. All late ballots will be disqualified.

SECTION 4: RESIGNATION. Any Officer or Director 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 5: REMOVAL. Any Officer or 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,

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resignation or removal of an Officer or Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION 6: COMPENSATION. No Officer or Director shall receive compensation for any service he may render to the Association. However, any Officer or Director may be reimbursed for his actual expenses incurred in the performance of his duties.

## ARTICLE VI Meetings of Directors

SECTION 1: REGULAR MEETINGS. Except as otherwise provided in Section 2 of Article XI hereof, a regular meeting of the Board of Directors shall, at a minimum, be held once each calendar quarter, without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

SECTION 2: SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

SECTION 3. 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 Directors. Any action so approved shall have same effect as though taken at a meeting of the Directors.

SECTION 4. 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 Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.
- (b) Impose reasonable charges for the late payment of assessments, not to exceed the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid and, after notice and an opportunity to be heard, suspend privileges or services provided by the FHA (except rights of access to lots) during any period that assessments or other amounts due and owing to the FHA remain unpaid for a period of 30 days or longer. The Board may also, after notice and an opportunity to be heard, impose reasonable fines not to exceed one hundred dollars (\$100.00) for each violation or suspend privileges or services provided by the FHA for reasonable periods for violations of the declarations, bylaws and rules and regulations of the FHA.
- (c) 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 Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations.

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- (d) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declarations.
- (e) 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.
- (f) Declare the office of an Officer or member of the Board of Directors to be vacant with or without cause and also in the event an Officer or Board member shall be absent from three (3) consecutive regular meetings of the Board of Directors without excuse.
- (g) Fill the vacancy of any Officer or Director. The Office or Director appointed to such vacancy shall serve for the remainder of the term of the person replaced.
- (h) Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties.

### SECTION 2: DUTIES. It shall be the duty of the Board of Directors to:

- (a) See that a complete record of all its acts and corporate affairs is kept 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 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) Do the following (as more fully provided in the Declarations):
  - (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 within thirty (30) days of the beginning of each annual assessment period.
  - (3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring action at law against the owner personally obligated to pay the same.
- (d) Issue, or see that an appropriate officer issues, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.

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- (f) See that all officers or employees having fiscal responsibilities are bonded as it may deem appropriate.
- (g) See that the Common Areas are maintained

### ARTICLE VIII Officers and Their Duties

SECTION 1: ENUMERATION OF OFFICERS. The officers of this Association shall be a President, a Vice-President, a Secretary, a Treasurer and a Financial Officer.

SECTION 2: MULTIPLE OFFICES. The offices of Secretary and Treasurer may be held by the same person for less than a year. 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 1(e) of Article VII.

SECTION 3: 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 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 Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the Board.
- (d) Financial Officer. The Financial Officer shall maintain a current database of all member property owners and a second database of member property owners who pay their dues by automatic deposit; implement such deposits electronically; prepare and mail dues statements to all member property owners and record those automatically paid and those paid by check; deposit all checks under the direction of the Treasurer; make any additional efforts at dues collection as is reasonable; and report and share information as the Board may authorize and direct.
- (e) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Association; keep proper books of account; and shall prepare the annual budgets, estimates of assessments and statements of income and expenditures provided in Article XI hereof.

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## ARTICLE IX Committees

The Board of Directors shall appoint committees as deemed appropriate in carrying out its purpose.

## ARTICLE X Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declarations, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member by arrangement with the Secretary of the Association, from whom copies may be purchased at reasonable cost.

## ARTICLE XI Budgets and Assessments

SECTION 1: At each regular annual meeting of the members, the Board of Directors shall present a provisional budget and an estimate of the assessment for the succeeding calendar year, together with a statement of income received and expenditures incurred by the Association in the current year up to the date of said annual meeting, and shall make available a copy of such budget, assessment estimate and statement to the members.

SECTION 2: As soon as practicable after commencement of the succeeding calendar year referred to in Section 1 of this Article, the formal budget for said year shall be presented at a regular meeting of the Board of Directors. Public notice of this meeting shall, notwithstanding anything to the contrary in Section 1 of Article VI hereof, be posted in advance of said meeting at places customarily used for public notices to members. The budget approved by the Board shall be made available to the members together with a statement of income and expenditures for the total of the preceding year.

SECTION 3: As more fully provided in the Declarations, each member is obligated to pay to the 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 shall bear interest from the date of delinquency at the rate of six percent (6%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or 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 assessment provided for herein by non-use of the Common Areas or abandonment of his lot.

## ARTICLE XII Corporate Seal

The association shall have a seal in circular form having within its circumference the words: Fearington Homeowners Association, Inc.

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## ARTICLE XIII Amendments

SECTION 1: These Bylaws may be amended by a majority vote at any regular or special meeting of the Association where a quorum is present in person or by proxy. There shall be at least twenty (20) days advance written notice, together with a copy of the proposed Amendment(s) given to members.

SECTION 2: In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in case of any conflict between the Declarations and these Bylaws, the Declarations shall control.

## ARTICLE XIV Responsibility of Owners

Owners shall have the obligation to acquaint their tenants with these Bylaws and with all covenants provided by the Declarations and shall be responsible for full compliance by their tenants with said covenants.

## ARTICLE XV Miscellaneous

SECTION 1: FISCAL YEAR. The fiscal year of the Association shall begin on the first day of January and end the last day of December of every year.

SECTION 2: PARLIAMENTARY AUTHORITY. The parliamentary authority to be in effect at all meetings shall be Robert's Rules of Order.

SECTION 3: EXPENSES AND ATTORNEYS' FEES. In the event the Association shall bring any suit or action to enforce any provision contained in the Covenants and Restrictions in the Declarations or in the Rules and Regulations, if any, of the Association, or to collect any money due it thereunder or to foreclose a lien, and the Association shall prevail, in whole or in part, in such suit or action, the defendant in such suit or action shall pay to the Association all costs and expenses which the Association may incur in connection with such suit or action, and such amount as the court may determine to be reasonable attorneys' fees therein, including attorneys' fees incurred in connection with any appeal from a decision of the trial court or an intermediate appellate court. Such fees and costs will become a continuing lien against the property until sold and shall bear interest at the prime rate in effect at the time of filing of the lien.

In the event the Association is obliged to defend itself against any suit or action brought by a member, the Association shall be entitled to recover from that member all costs and expenses which the Association may incur, and such amount as the court may determine to be reasonable attorneys' fees therein, including attorneys' fees incurred in connection with any appeal, if the Association prevails in such action, in whole or in part, and such fees and costs will also become a continuing lien against the property until paid and shall bear interest as specified above.

## ARTICLE XVI Effective Date

These Bylaws, having been approved by the members at the Annual meeting of November 13, 2005, pursuant to Article XIII of the Bylaws effective January 1, 2000, shall take effect on January 1, 2006, and shall thereafter supersede the Bylaws effective January 1, 2000, which shall be null and void.

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IN WITNESS WHEREOF, we, being all of the Directors of Fearrington Homeowners Association, Inc., have hereunto set our hands this day December 6, 2005.

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Thomas Hauck, President

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Carol-Ann Greenslade, Director

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Andrew Bratton, Vice President

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Cynthia Jones, Director

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Maggie Frantz, Secretary

\_\_\_\_\_  
Edith Lange, Director

\_\_\_\_\_  
Robert Flowers, Treasurer

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Robert Oram, Director

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Ingram Austin, Financial Officer

\_\_\_\_\_  
William Sommers, Director

# BYLAWS OF FEARRINGTON HOMEOWNERS ASSOCIATION, INC.

## ANNOTATION ON ADOPTION OF THE BYLAWS OF FEARRINGTON HOMEOWNERS ASSOCIATION, INC. AND AMENDMENTS THERETO

1. These BYLAWS were completely revised in 1993 and serve as the basis for the current FHA BYLAWS. This basic version was adopted at the FHA Annual Meeting of November 14, 1993 by a recorded vote of 149 in favor and 18 against.
2. Two amendments to the 1993 BYLAWS version were adopted at the FHA Annual Meeting of November 12, 1995 by a majority vote; however, the "for and against" numbers were not recorded. The first revision affected Article III, Section 3 NOTICE OF MEETINGS by inserting the following two phrases after the word "meeting,"

"by posting such notice in the mail kiosks or such places as may be used for communication of community information and by printing such notice in the Fearington Newsletter or its successor at least twenty (20) days before such meeting. In addition, such written notice shall be mailed, postage paid, to each absentee member entitled to vote,"

The second amendment inserted in Article XV an entirely new Section 3: EXPENSES AND ATTORNEYS' FEES using the text as noted in this article.

3. Four amendments to the 1993 BYLAW as amended in 1995 were adopted at the FHA Annual Meeting of November 16, 1999 by a vote of 158 in favor and 4 against. These amendments focused on the addition of the position of Financial Officer to the FHA Board of Directors. This addition was done through amendments to four parts of the existing BYLAWS as follows:
  - a. Article V, BOARD OF DIRECTORS INCLUDING OFFICERS; ELECTION; TERM OF OFFICE, SECTION I: NUMBER by revising the first sentence as follows: "The affairs of this Association shall be managed by a Board of Directors which shall consist of the five (5) officers of the Association (President, Vice-President, Secretary, Treasurer and Financial Officer) and five (5) other directors, ten (10) in total.
  - b. Article V, Section 2: TERM OF OFFICE. This section was amended by inserting after the first sentence, the following sentence: "At each annual election, the members shall elect a President and Vice-President for a one-year term and, as needed, the Secretary, Treasurer and Financial Officer for two year terms to replace those whose terms are expiring; except the first term of the newly elected Financial Officer shall be for one term in order to stagger that officer's term with the Treasurer's term of office."
  - c. Article VIII, OFFICERS AND THEIR DUTIES, SECTION 1: ENUMERATION OF OFFICERS was amended by replacing the existing sentence with the following: "The Officers of this Association shall be a President, Vice-President, a Secretary, a Treasurer and a Financial Officer."
  - d. Article VIII, OFFICERS AND THEIR DUTIES, SECTION 3 DUTIES was amended by renumbering Item (d) TREASURER to be Item (e) without any change in the text and to insert a new Item (d) FINANCIAL OFFICER with the following description: "The Financial Officer shall maintain a current database of all member property owners and a second database of member property owners who pay their dues by automatic deposit; implement such deposits electronically; prepare and mail dues statements to all member property owners and record those automatically paid and those paid by check; deposit all checks under the direction of the Treasurer; make any additional efforts at dues collection as is reasonable; and report and share information as the Board may authorize and direct."

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It should be noted that in proposing these amendments the Board wanted them to become effective on January 1, 2000. However, the articles as written and approved do not contain that effective date but, in practice, January 1st, 2000 was used as the start-up date for these amendments.

4. Two amendments to the 1993 Bylaws as amended in 1995, 1996, and 1999 were adopted at the FHA Annual Meeting of November 13, 2005.
  - a. Article II, Definitions was modified to add a new Section 7A, defining an FHA Associate. The amendment was made to allow residents of Galloway Ridge to participate in FHA activities but would not give them actual member status since by covenant membership is restricted to Fearrington Village lot owners. The amendment passed by a vote of 120 for, 19 against.
  - b. Subsection (b) of Article VII, Powers and Duties of the Board of Directors, Section 1, Powers, was revised to restate the amended version of the North Carolina Statutes GS 47-3-102. This law applies to homeowners associations like the FHA and at the same time outlines enforcement procedures to be followed by the FHA regarding the payment of dues and significant violations of the existing covenants within the scope of the FHA's authority and jurisdiction. Prior to amendment the Subsection read: "Prescribe, assess and collect fines, not to exceed twenty-five dollars (\$25) for each violation, for violations of the restrictive covenants provided in the Declarations, and apply such other remedies as may be available to enforce the correction of violations and compliance with said covenants." The amendment was passed by a vote of 105 for and 6 against.

The practice that the Board adapted with regard to the 1999 amendments was continued with the amendments approved in 2005. That is, while the amendments did not formally contain an effective date, the Board formally certified their adoption and established an effective date of January 1, 2006, by Article XVI.