

BY-LAWS OF  
FRANKLIN HILL HOMEOWNERS' ASSOCIATION

I. IDENTITY. These are the By-Laws of Franklin Hill Homeowners' Association, an Association not for profit and subject to the Declaration affecting the land and all improvements thereon known as Franklin Hill Development. (See Declaration filed at Orange County Registry, Book \_\_\_\_\_, Page \_\_\_\_\_. The Association has been organized for the purpose of administering the common properties and interest of the Association.

1. The office of the Association shall be  
207 Deepwood Road, Franklin Hills  
Chapel Hill, North Carolina 27514
2. The fiscal year of the Association shall be the calendar year.

II. MEMBERS.

1. The annual members' meeting shall be held at the office of the Association at 8 o'clock p.m. Eastern Standard Time, on the second Wednesday in February of each year for the purpose of transacting any business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding day.

2. Special members' meetings shall be held whenever called by any officer of the Association by written notice to all members.

3. Notice of all members' meetings stating the time and place and the objects for which the meeting is called shall be given by the Association Officer calling the meeting, unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than five (5) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailings shall be given by the notarized affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings by two-thirds vote of the members of the Association.

4. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership.

5. The vote of the owners of a unit owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the owners of the unit and filed with the Secretary of the Association. Such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file the vote of such owners shall not be considered in determining the requirement for a quorum or for any other purpose.

6. Vote may be cast in person or by written proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting.

7. Approval or disapproval of a unit owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

8. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

9. The order of business at annual members' meetings, and, as far as practical at all other members' meetings, shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Unfinished business.
- e. New business.
- f. Adjournment.

III. POWERS AND DUTIES OF THE ASSOCIATION. All of the powers and duties of the Association shall be exercised by the members in meeting, including those powers existing under the common law and statutes and, the Declaration establishing the Association. Such powers of the Association shall be exercised in accordance with the provisions of the Declaration which governs the use of the land, and shall include but shall not be limited to the following:

1. To make and collect assessments against members to defray the costs of administration of the Association.
2. To use the proceeds of assessments in the exercise of



its powers and duties.

3. To maintain, repair, replace and operate the property.
4. To reconstruct improvements after casualty and to make further improvements of the property.
5. To make and amend regulations respecting the use of the property.
6. To enforce by legal means the provisions of the Articles of Declaration, the By-Laws of the Association, and the regulations for the use of the property.
7. If so approved by the Association, to contract for the management of the Association and to delegate to such contractor all powers and duties of the Association.
8. To pay taxes and assessments which are liens against any part of the property other than individual units and the appurtenances thereto, and to assess the same against the unit subject to such liens.
9. To carry insurance for the protection of unit owners and the Association against casualty and liabilities.
10. To pay the cost of all power, water, sewer and other utility service rendered to the Association and not billed to owners of individual units.
11. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association.

IV. OFFICERS.

1. The executive officers of the corporation shall be a President, a Secretary and a Treasurer, who shall be elected annually at an Association meeting.
2. The President shall be the chief executive officer of the Association, and shall have all of the powers and duties which are usually vested in the office of President of an Association.
3. The Secretary shall keep the minutes of all proceedings of the Association and the members. He shall attend to the giving and serving of all notices to the members of the Association and other notices required by law. He shall keep the records of the

Association and shall perform all other duties incident to the office of secretary of an association and as may be required by the Association or the President. The Secretary shall also serve as Treasurer.

4. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the assessment rolls and accounts of members he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

5. Fiscal Management. The provisions of fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions:

A. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each unit. Such an account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

B. Budget.

(i) The association shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the following items:

(a) Common expense budget:

(1) Maintenance and operation of common elements:

- Landscaping
- Streets and walkways

(2) Utility Services

(3) Casualty Insurance

(4) Liability Insurance

(5) Administration

(b) Proposed assessments against each member.

(ii) Copies of the proposed budget and proposed assessments shall be transmitted to each member on or before January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned.



- C. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Association and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Association.
  - D. Unless waived by the Association, an audit of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report was made.
  - E. Fidelity bonds shall be required from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Association, but shall be at least the amount of the total assessments against members for common expenses. The premiums on such bonds shall be paid by the Association.
7. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Articles of Declaration and the By-Laws of the Association, unless waived by vote of the Association for any particular meeting.
8. Amendments. Amendments to the By-Laws shall be proposed and adopted in the following manner:
- A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
  - B. A resolution adopting a proposed amendment must receive unanimous approval of the votes of 2/3 of the membership of the Association. Members not present at the meetings considering the amendment may express their approval in writing prior to the meeting.
  - C. Effective Date. An amendment when adopted shall become effective only after being recorded in the public records of Orange County.
  - D. These By-Laws shall be amended, if necessary, so as to make the same consistent with provisions of the Declaration of Condominium.