

**BYLAWS OF  
KENDAL FOREST HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is KENDAL FOREST HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association"). The principal office of the corporation shall be located at 112 New College St., Oxford, Granville County, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

**ARTICLE II**

**DEFINITIONS**

Section 1. "Articles" shall mean the Articles of Incorporation of the Association as filed with the Secretary of State of North Carolina, as the same may be from time to time be amended.

Section 2. "Association" shall mean and refer to Kendal Forest Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

Section 3. "Board" or "Board of Directors" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association.

Section 4. "Building" shall mean and refer to a residential structure, single outbuilding or detached garage constructed or erected on said property.

Section 5. "Bylaws" shall mean the document for governance of the Association as adopted initially by the Board and as amended by the Members.

Section 6. "Common Properties" shall mean all real property and any improvements constructed thereon, if any, owned by the Association for the common use and enjoyment of the Owners or Members of the Association, as may be designated on any subdivision map of the Property or by the Association.

For maintenance purposes, the Common Properties specifically include the subdivision signs, landscaping and lighting within the signage and landscaping easements at the entrances to the subdivision from Montgomery Road, the landscaping on and along the soil berm that extends along the north side of Montgomery Road for the full length of the subdivision and the subdivision streets until they are placed on the NCDOT system for maintenance.

Section 7. "Common Expenses" shall mean and include, as applicable:

- (a). All sums lawfully, assessed by the Association against its members;
- (b). Payments or obligations to reserve accounts established or maintained pursuant to this declaration;
- (c). Expenses of administration, maintenance, repair or replacement of the Common Properties or their elements.
- (d). Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;
- (e). Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase; or as the Association may deem appropriate to purchase;
- (f). Ad valorem taxes and public assessment charges lawfully levied against Common Properties.
- (g). The expense of the maintenance of private drainage and utility easements and facilities located therein which are within the boundaries of the Property and serve both the Property and lands adjacent thereto;
- (h). Any other expenses determined by the Board or approved by the members to be common expenses of the Association.

Section 8. "Declarant" shall mean and refer to Tarheel Land Company, a North Carolina Corporation, its successors and assigns, to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 9. "Lot" shall mean and refer to any plot or Tract of land shown upon recorded subdivision map of the Property, as such map or maps may be from time to time amended or modified, for detached single family residential use; designated for residential use and for separate ownership and occupancy.

Section 10. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 11. "Notice" required to be given herein shall be in writing and mailed by US mail, postage prepaid, first class to the address of any Member on the records of the Association or shall be hand delivered to the Member.

Section 12. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. A consumer occupant Lot owner is a Lot owner who occupies the residence on the Lot.

Section 13. "Person" shall mean and refer to any individual corporation, partnership, association, trustee or other legal entity.

Section 14. "Property" shall mean and refer to that certain real property described on Exhibit "A" attached to the recorded Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association by the Declarant.

Section 15. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Kendal Forest subdivision, recorded in Deed Book 1432 at Pages 320 through 345, Franklin County Registry.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every record Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment.

Section 2. Classification of Membership. The Association shall have two classes of voting membership.

Class A. Class A Members shall be all owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as they among themselves determine or as set forth in these Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B Member shall be the Declarant and Declarant shall be entitled to six (6) votes for each lot owned. Declarant shall also be entitled to six (6) votes for each lot which it may develop in later phases of the subdivision and add to the Properties. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a). When the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, additions are made to the Properties sufficient to give the Class B membership a total number of votes to exceed those of the Class A membership; or,

(b). Ten (10) years from the date the Declaration was recorded in the Office of the Register of Deeds of Franklin County, North Carolina.

Section 3. Suspension of Voting Rights. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the Articles and Bylaws of the Association for any period during which an assessment against his Lot remains unpaid and for a period not to exceed 60 days or for any infraction of its rules and regulations, it being understood that any suspension for either non-payment of any assessment or breach of rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment.

## ARTICLE IV

### MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within twelve (12) months after the date of filing of the Articles of Incorporation and the Association shall meet at least once each year thereafter. The Board of Directors shall have power to set the date and place of the annual meeting and shall give all members at least 15 days written notice thereof.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president, the Board of Directors or upon written request of the members who are entitled to vote one-fourth (1/4) of all of 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 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 the meeting.

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. The quorum requirement at the next meeting shall be one-half (1/2) of the quorum applicable to the meeting that was adjourned for lack of a quorum. This provision shall continue to reduce the quorum by

fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 5. Proxies. At all meeting of members, each member may vote in person or by proxy executed in favor of another member. 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 at least three (3) directors, who need not be members of the Association. The number of Directors may be increased from time to time by amendment to the Bylaws of the Association. The first Board of Directors shall consist of the four persons named in the Articles of Incorporation, who shall serve until their successors have been chosen.

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

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the 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. So long as there shall be a Class B membership, the Declarant shall have the right to name a majority of the Directors at the annual meeting. The remaining member or members of the Board of Directors shall be elected by vote of the Class A members.

If the Declarant elects not to name any members of the Board of Directors, the Class A members shall elect all members of the Board at the annual meeting.

Section 2. Election. Election to the Board of Directors (other than the members that may be chosen by the Declarant) 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 place and hour as may be fixed from time to time by resolution of the Board. The Board of Directors shall hold a meeting immediately following the annual meeting of the membership.

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 written notice to each Director. Directors may waive notice if all assent.

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

### FUNCTIONS AND SERVICES OF THE ASSOCIATION

Section 1. Minimum List of Functions and Services. The minimum list of functions and services which the Association, through its Board of Directors, must furnish to its members are as follows:

(a). The Association shall provide or procure the administrative services necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association, and the By Laws of the Association, including, but not limited to, legal, accounting, financial and communication services.

(b). The Association shall administer and enforce the covenants and restrictions established in the Declaration, including, but not limited to, the following:

i). The Association shall set Assessments, levy cash Assessments, notify the Members of such Assessments and collect such Assessments;

ii). The Association shall prepare accurate indexes of Members, Votes, Assessments, and the maximum annual Assessment;

iii). The Association shall operate an Architectural Committee if turned over to it by Declarant;

iv). The Association shall maintain and operate all Common Properties.

v). The Association shall hold Annual Meetings, Special Meetings and Referendums as required, hold elections for the Board of Directors as required and give Members "proper notice" as required;

vi). The Association shall prepare Annual Statements and Annual Budgets and shall make the financial books of the Association available for inspection by the Members by appointment.

(c). Should the Declarant appoint the Association its agent for the administration or enforcement of any of the provisions of the general property covenants or any other covenants and restrictions of record, the Association shall assume such responsibility and any obligations which are incident thereto.

(d). Should the Declarant assign to the Association any of the rights reserved unto it in the general property covenants or any other covenants or restrictions of record, the Association shall assume the responsibility of administering and enforcing said rights and shall assume any obligations which are incident thereto.

(e). The Association shall provide appropriate Directors and Officers Legal Liability Insurance and indemnify persons pursuant to the provisions of the Articles of Incorporation of the Association and these Bylaws.

(f). The Association shall keep a complete record of all its acts and corporate affairs.

(g). The Association shall provide regular and thorough maintenance and clean up of all Common Properties, including, but not limited to, mowing of grass, fertilization and seeding as needed, landscape maintenance as needed, pick up and disposal of trash, cleaning, painting, repairing or replacing any improvements as needed.

(h). The Association shall pay any and all taxes or public assessments on the Common Properties.

(i). The Association shall carry out such other duties as are prescribed for it in the Declaration and the Articles of Incorporation.

Section 2. Obligation of the Association. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. The functions and services which the Association is authorized to carry out or provide may be added or reduced at any time upon the affirmative vote of fifty one percent (51%) of the votes cast by the Members at a duly called meeting of the Association.

Section 3. Maintenance of the Property Not Owned by the Association. The Association shall be authorized to render services of a governmental nature not furnished by the local government in the case of maintenance of property not owned by it.

## ARTICLE IX

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a president, a vice-president, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. The officers need not be members of the Association. Until their successors are elected, the following persons shall act as officers of the Association:

President	E. Ossie Smith
Vice President	T.S. Royster, Jr.
Secretary	Elizabeth Land
Treasurer	Sheila J. Gresham

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor shall be named, unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board may name 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.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer, or Vice-President and Treasurer, may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

#### 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; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes (provided, however, the President may delegate his or her duty to co-sign all checks of the Association to a professional management company employed to manage the Association). He shall further sign all legal documents necessary to collect homeowner assessments.

#### VICE-PRESIDENT

The Vice-President shall all powers of the President and shall act in the place and stead of the President when the President is not available to act. The Vice-President may sign and execute in the name of the Corporation easements, leases, mortgages, deeds and other written instruments, except where the signing and execution shall be expressly delegated by the Board of Directors or the President to some other officer or agent of the corporation or shall be required by law otherwise to be signed or executed. He shall exercise and discharge such other duties as may be required of him by the Board of Directors.

## 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.

## 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 and promissory notes of the Association; keep proper books of account, including records of homeowner assessments; cause an annual audit of the Association books to be made by a public accountant at the direction of the Board; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

## ARTICLE X

### COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes. Such committees may be composed of homeowner members in addition to Board members.

## ARTICLE XI

### BOOKS & RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by all members and by their representatives, including attorneys and accountants. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principle office of the Association, where copies may be purchased at reasonable cost.

## ARTICLE XII

### AMENDMENTS

Section 1. Amendment by Board. These Bylaws may be amended or repealed and new Bylaws adopted by the Board of Directors, provided such amendments do not conflict with the provisions of the Declaration or the Articles of Incorporation.

Section 2. Amendment by the Members. These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of members present in person or by proxy; provided however, prior to termination of the Class B Membership no such amendment shall be effective unless written consent of the Declarant shall have been given thereto and such amendments do not conflict with the provisions of the Declaration or the Articles of Incorporation.

Section 3. Amendment by Amendment to Declaration. If a provision of the Declaration or Articles is amended and there is provision pertaining to the same subject in these Bylaws, then these Bylaws shall be deemed amended to conform to the corresponding amended provision in the Declaration or Articles.

## INDEMNIFICATION AND INSURANCE

### ARTICLE XIV

Section 1. Right to Indemnification. The association shall indemnify each of its directors, officers, employees or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as such or their activities in any of the foregoing capacities; provided, however the Association shall not indemnify or agree to indemnify a person against liability or expenses the person may incur on account of his activities which were at the time taken, known, or believed by the person to be clearly in conflict with the best interests of the Association or if the person received an improper personal benefit. Any person having rights under this Section shall recover from the Association reasonable costs, expense, and attorney's fees in connection with the enforcement of the rights to indemnification granted herein. The right to indemnification granted herein shall be in addition to and separate and apart from the indemnification provided for in North Carolina General Statutes 55A-8-52, 55A-8-54, 55A-8-55, and 55A-8-56.

Section 2. Insurance. The following insurance coverage shall be maintained in full force and effect by the Association.

(a). Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association.

(b). All liability insurance shall contain cross liability endorsements to cover liability of the Owners as a group to an individual Owner.

(c). Such other insurance coverage as it may determine to be desirable and necessary or other insurance required by law.

(d). Fidelity bonds for officers having control over Association funds.

Section 3. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged ratably to owners as an assessment according to the applicable provisions of the Declaration.

Section 4. Insurance Beneficiaries. All such policies shall be purchased by the Association for the benefit of the Association, its officers and directors and the Owners.

## ARTICLE XV

### MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31<sup>st</sup> day of December of every year, except that the first fiscal year shall begin on the date incorporation.

Section 2. Disbursements of Net Earnings. No part of the net earnings of the Association shall inure to the benefit of its members, directors, officers or other persons except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the Association.

Section 3. The Association may be dissolved only as allowed under the provisions of the North Carolina Planned Community Act (Chapter 47F of the N. C. General Statutes). Upon dissolution of the Association, either voluntarily or involuntarily, no Director or Officer of the Association or any private individual shall be entitled to any distribution or division of its assets. The assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created and in the event such dedication is refused acceptance, the assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

Section 4. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws the Declaration shall control.

Section 5. Corporate Seal. The corporate seal and/or stamp of the corporation shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed "CORPORATE SEAL".

