

BYLAWS  
OF  
BALFOUR EAST TOWNHOMES ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is Balfour East Townhomes Association, Inc., herein referred to as the "Balfour East Association". The principal office of the corporation shall be located in Durham County, North Carolina. Meetings of members and directors may be held at such places within the State of North Carolina, County of Durham or County of Durham, as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Balfour East Association" shall mean and refer to Balfour East Townhomes Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions of Balfour East affecting Property now within the jurisdiction of the Balfour East Association and such additions thereto as may hereafter be brought within the jurisdiction of the Balfour East Association.

Section 3. "Common Area" shall mean all real property, private streets and amenities owned by the Balfour

East Association for the common use and enjoyment of members.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to every person or entity who holds a membership in the Balfour East Association.

Section 6. "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 Properties, including contract sellers but excluding those having such interest merely for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to The Adams-Bilt Company of Raleigh, North Carolina, and its successors and assigns to whom the rights of Declarant are expressly transferred, in whole or in part, as set forth in the Declarations.

Section 8. "Balfour East Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Balfour East applicable to the Properties recorded in the Office of the Register of Deeds of Durham County, North Carolina.

Section 9. "Villages Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for The Villages of Cornwallis applicable to

the Properties recorded in the Office of the Register of Deeds of Durham County, North Carolina.

Section 10. "Villages Association" shall mean and refer to The Villages of Cornwallis Owners Association, Inc., its successors and assigns.

### ARTICLE III

#### MEMBERSHIP

Section 1. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject to the Balfour East Declaration, including contract sellers, shall be a Member of the Balfour East Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the Balfour East Declaration. Ownership of such Lot shall be the sole qualification for membership. As evidence of each Owner's membership, the Balfour East Association may require each Owner to furnish a photocopy of the page(s) of his deed(s) which contains the name of the Member and the Lot(s) owned by such Member.

Section 2. Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Balfour East Association, the voting rights in the Balfour East Association and rights to use of recreational facilities located in the Common Areas of such Member may be suspended

by the Board of Directors of the Villages Association or the Balfour East Association until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed 30 days, for violation of any rules and regulations established by the Board of Directors of the Balfour East Association or the Villages Association governing the use of the Common Area and facilities.

#### ARTICLE IV

##### PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Balfour East Declaration. Any Member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers, who reside on the property. The rights and privileges of such delegee are subject to suspension to the same extent as those of the Member.

#### ARTICLE V

##### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Balfour East Association shall be managed by a Board of not less than three (3), nor more than nine (9) directors, who need not be Members of the Balfour East Association.

Section 2. Election. At the first annual meeting the Members shall elect one-third of the directors for a term of one year, one-third of the directors for a term of

two years and one-third of the directors for a term of three years; and at each annual meeting thereafter the Members shall elect one-third of the directors for a term of three years, and thereafter until their successors are elected and qualified.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Balfour East 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 Balfour East Association in the capacity of director. 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

### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually, without

notice, after the annual meeting of Members as provided in Article X, Section 1. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings. Should said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board 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. Decisions 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

### 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 Balfour East Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting

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 VIII

##### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power:

(a) To exercise for the Balfour East Association all powers, duties and authority vested in or delegated to the Balfour East Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(b) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(c) To adopt, amend, 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; and

(d) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties, subject to the restrictions on the Association's right to enter contracts provided in the Declaration.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts (Report of the Association) and to present said statement thereof to the Members at the annual meeting of the Members. Also to present such statement at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote.

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

As more fully provided herein and in the Balfour East Declaration;

To fix the amount of the subdivision portion of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(c) To oversee, direct and plan for the maintenance of the Common Areas located within Balfour East.

(d) To adopt, amend and publish rules and regulations governing the use of the Common Area located within Balfour East, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(e) To cause the Common Area, the improvements on the Common Area, the Townhomes and Townhome Lots to be maintained.

(f) To cause the payment of ad valorem taxes and public assessments levied against the Property of the Association;

(g) To procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

#### ARTICLE IX

#### COMMITTEES

Section 1. The Board of Directors of the Balfour East Association may appoint committees as deemed appropriate in carrying out its purposes, such as:

1. A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, including budget preparation, and shall perform such other

functions as the Board in its discretion, determines;

2. A Publicity Committee which shall inform the members of all activities and functions of the Balfour East Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Balfour East Association.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Balfour East Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Balfour East Association as is further concerned with the matter presented.

## ARTICLE X

### MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held at such time and at such place as is fixed by the Board of Directors. The Directors may change the date of the annual meeting from time to time.

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 vote one-fourth (¼) of all of the votes of the entire membership or who are entitled to vote one-fourth (¼) 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, (unless the meeting is to make assessments for capital improvements, in which case the notice shall be sent not less than 15 days nor more than 30 days in advance of the meeting) addressed to the Member's address last appearing on the books of the Balfour East Association, or supplied by such Member to the Balfour East 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 Balfour East 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 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. Voting. The voting powers of each member shall be as provided in the Declaration. Unless otherwise specified, decisions shall be made by a majority of the votes represented by members present in person or by proxy.

## ARTICLE XI

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Balfour East Association shall be a President and Vice-President, who shall at all time be members of the Board of Directors, and a Secretary 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.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Balfour East 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 such 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 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected 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 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:

(a) President. The President shall preside at all meetings of the Board of Directors and all meetings of the Members; 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 promissory notes.

(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 shall be the custodian of the corporate seal of the Association and shall 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 Balfour East Association together with their addresses, and shall perform such other duties as required by the Board.

## ARTICLE XII

### REPRESENTATIVES TO VILLAGES ASSOCIATION BOARD OF DIRECTORS

The Balfour East Association is entitled to two representatives on the Villages Association Board. In addition to their other duties, the President and Vice President of the Balfour East Association shall serve as representatives to the Villages Association Board of Directors. Voting power of representatives to the Villages Board shall be as determined by the bylaws of the Villages Association. The Balfour East Association shall also select two "alternate delegates" from the Balfour East Board of Directors who may serve in the place of the President or Vice President if either one or both are unable to attend a meeting of the Villages Association Board of Directors. Provided, however, all delegates to the Villages Board, whether President, Vice President or alternate, must have been elected to the Board of the Balfour East Association by a general vote of the membership. If either the President or Vice President of the Balfour East Association is disqualified to serve as representative for said reason, an alternate chosen by the Balfour East Board may serve in his place.

### ARTICLE XIII

#### BOOKS AND RECORDS

The books, records and papers of the Balfour East Association shall at all times, during reasonable business hours, be subject to inspection by any Member or his designated agent. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

### ARTICLE XIV

#### CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Balfour East Townhome Association, Inc." and in its center the words, "Corporate Seal".

### ARTICLE XIV

#### AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of the Members present in person or by proxy.

Section 2. Notwithstanding any provision in this instrument to the contrary, as long as the Declarant controls the Balfour East Association and if the subdivision has been approved by the Veterans Administration and the Federal Housing Administration for loans guaranteed by the

Veterans Administration or the Federal Housing Administration (but not otherwise), any amendment of these Bylaws will require the prior approval of the Federal Housing Administration or the Veterans Administration.

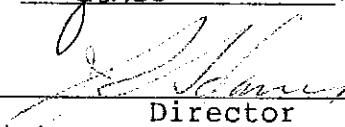
Section 3. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in case of any conflict between the Balfour East Declaration or the Villages Declaration and these Bylaws, the Declarations shall control.


ARTICLE XVI

MISCELLANEOUS

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

IN WITNESS WHEREOF, we, being all of the directors of BALFOUR EAST TOWNHOMES ASSOCIATION, INC. have hereunto set our hands this 24<sup>th</sup> day of June, 1986.

  
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Director

James R. White   
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Director

Kaye Adams-Yadusky  
\_\_\_\_\_  
Director

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