

BY-LAWS
HOMEOWNERS ASSOCIATION of
PHILLIPS POINTE SUBDIVISION, Inc.
Amended 2011

(By-Laws are rules adopted by the Association that specify how the affairs of the Association will be conducted.)

ARTICLE I
Organization

1. The Homeowners Association of Phillips Pointe Subdivision, Inc., hereafter called the Association, was incorporated June 4, 1999 as a North Carolina nonprofit corporation located in Fuquay Varina, North Carolina.
2. The Association is subject to the laws of North Carolina, the Articles of Incorporation of the Association, the Declaration of Covenants, Conditions and Restrictions of Phillips Pointe Subdivision, hereafter called the Covenants, the By-Laws, and any rules adopted by the Board of Directors.

ARTICLE II
Purpose and Compliance

1. The specific purpose of the Association is to provide for the operation, improvement, regulation, and Administration of real property within the subdivision, to preserve, protect, and enhance values and amenities of the subdivision, and to carry out and enforce the Covenants.
2. The acquisition of any lot in the subdivision constitutes legal acceptance of the Covenants, By-Laws, and other Rules and an agreement to comply with them.
3. All owners, their families, tenants, guests, and any persons present in the subdivision are subject to the Covenants, the By-Laws, and any other Rules adopted by the Board.

ARTICLE III
Membership

1. Each owner whose name is on the deed is automatically a member of the Association. Membership continues until the member no longer owns the property.
2. Termination of ownership will not relieve any former owner from any liability incurred or connected with the Association during the period of ownership, or impair any rights or remedies the Board or others may have against the former owner.
3. Each lot in the subdivision is entitled to one vote. Voting privileges are automatically suspended during any period when the annual assessments, special assessments, or other charges are delinquent, or when an owner is in any other violation of the Covenants.

ARTICLE IV
Association Meetings

1. Annual and Special meetings of the Association will be held at a time and place set by the Executive Board. Written notice will be delivered by hand, mail, or e-mail not less than 10 days nor more than 60 days before the meeting by the Secretary of the Association to the address of each member entitled to vote. Notice will state the time and place of the meeting and will include the agenda. Notice will not be sent to owners with delinquent assessments or other violations as they have no vote and no voice in business discussions. However, they may make an appointment to speak to the Executive Board at the Board's monthly meetings.
2. Special meetings of the Association may be called by the President, two Directors, or upon written request of 40% of the lot owners entitled to vote. Only the business specified in the notice may be transacted.

3. Business may be transacted at Association meetings if a quorum of 10% of the lot owners who are entitled to vote are present in person at the meeting or by proxy at the beginning of the meeting. In the event a quorum is not present, the meeting will be adjourned to a later date and at the next meeting the quorum will be reduced by 50% and will continue to reduce by 50% from that required at the previous meeting until such time as a quorum is present and business can be conducted. After a quorum is reached, a majority (51 %) vote of the owners entitled to vote who are present at the meeting will be sufficient to make decisions binding on all owners.
4. Voting for the election of Board members and the amendment of the By-Laws by mail or e-mail is permitted for owners unable to attend a meeting in person. These votes will be valid if a brief statement of how the owner wants to vote is received by the Secretary of the Association at least 48 hours before the meeting. The owner will be considered present in person at the meeting for these issues only.
5. A proxy gives someone, other than the owner, permission to vote for the owner. A proxy will be valid for 11 months from the date of execution unless a lesser time is stated in the proxy. It must be signed, dated, and on file with the Secretary of the Association at least 48 hours before it may be voted.
6. Any action that may be taken by the vote of the owners entitled to vote at a meeting may be taken without a meeting if consent in writing is signed by a majority of a quorum of the owners entitled to vote.
7. The By-Laws may be amended or repealed by the preceding rules.
8. The Covenants may be amended by the vote of 67% of the lot owners entitled to vote, and may be terminated by the vote of 80% of the lot owners entitled to vote. A written document must be recorded.
9. All meetings will be conducted in accordance with Robert's Rules of Order Newly Revised.
10. The Association will publish the names and addresses of all Board members within 30 days after the election.

ARTICLE V
Executive Board of Directors

1. The business of the Association will be administered by an Executive Board of Directors consisting of three to nine Directors elected by the lot owners for three year staggered terms. Directors will act according to the standards for Directors of a non-profit corporation set forth in NC GS 55A-8-30. The Executive Board members will elect the Officers of the Association from among the Board members. Officers will act according to the Standards for Officers set forth in NC GS 55A-8-42. Directors and Officers will discharge their duties in good faith. They must be Association members in good standing (assessments paid by the due date and no other violations of the Covenants, By-Laws, or other Rules) at all times they serve on the Board.
2. Any Executive Board member may be removed by the majority vote of the remaining Board members for two un-excused absences, violating the By-Laws, the Covenants, other Rules, neglect of duty of office, behavior injurious to the Association, or behavior detrimental to the proper functioning of the Board.
3. Any Board member may be removed with or without cause at a Special meeting of the Association by the majority vote of a quorum of 51 % of the owners entitled to vote who are present in person at a meeting called for that purpose. Voting by mail or e-mail is prohibited. The member whose removal is proposed by the owners will be given notice at least 10 days before the date of the meeting and will be given an opportunity to be heard at the meeting.
4. Vacancies occurring on the Board by resignation or removal will be filled with owner volunteers or recruitments by a majority vote of the remaining Board members. Owners appointed will hold office for the remaining term of the position vacated.
5. Directors will perform any duty required of them in administering the affairs of the Association.
6. The President will preside at all meetings of the Association and the Board, and by virtue of the office be Chairperson of the Board; see that orders and resolutions of the Board are carried out, sign all leases,

mortgages, deeds, and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify, and record amendments to the Covenants on behalf of the Association; exercise and discharge other duties as may be required by the Board.

7. The Vice President will act in the place of the President in the event of his or her absence, inability or refusal to act, and will perform other duties as required by the Board.
8. The Secretary will record the votes and keep minutes of all meetings and proceedings of the Board and the Association; keep the corporate seal of the Association and place it on all papers requiring the seal; serve notice of meetings of the Board and the Association, keep appropriate current records listing the owners with their addresses; and will perform other duties as required by the Board. An employee may be hired to help with this if volunteers are not forthcoming.
9. The Treasurer will receive and deposit in appropriate bank accounts all moneys of the Association and will disburse funds as directed by the Board; sign all checks of the Association unless the Board directs otherwise, and co-sign all promissory notes of the Association; keep proper books of accounts; cause an audit or review of Association accounts to be made in a manner authorized or directed by the Board; and prepare an annual budget and a statement of income and expenditures to be presented to the owners. An employee, such as a Bookkeeper, may be hired if volunteers are not forthcoming.

ARTICLE VI

Board of Director Meetings

1. Regular meetings of the Board will be held at times set by the Board. A majority of the members must be present in order to transact business. Members who are unable to attend must be excused for good and sufficient reason by the President prior to the meeting, otherwise the absence is un-excused.
2. Special meetings of the Board will be held when called by the President, or any two Directors, after notice to each member. A majority of members must be present to transact business.
3. Every action that may be taken or decision made by a majority of the members present at a duly held meeting will be regarded as an act of the Board.
4. Any action that may be taken at a meeting may be taken without a meeting by approval of a majority of the Board members.
5. Owners may make an appointment to attend part of a monthly Board meeting to discuss issues with the Executive Board. The Board has the right to limit the number of speakers and to issue time limits.

ARTICLE VII

Power and Authority of the Executive Board of Directors

1. The Board will have the power and authority necessary and proper to govern, operate, and manage the business of the Association; to represent the owners; and to enforce the Covenants, By-Laws, and other Rules on behalf of the Association.
2. The Board may do all things not specifically required to be done by the owners and may otherwise act in all instances on behalf of the Association.
3. Without limiting the powers set forth above, the Board will have the following powers and duties, subject only to the requirements of the laws of North Carolina:
 - a. To administer and enforce the Covenants, the By-Laws, adopted Rules, the Articles of Incorporation, and to interpret the Covenants where they are vague.
 - b. To establish, amend and enforce compliance with reasonable rules and regulations necessary for the operation, use, and occupancy of the Subdivision.
 - c. To fix, determine, levy and collect assessments and interest as provided in the Covenants.
 - d. To designate and approve personnel and employees necessary for the operation and maintenance of the Subdivision.
 - e. To collect special assessments as provided in the Covenants to meet increased operating or

maintenance expenses or additional capital expenses. All special assessments will be in statement form and will set forth the various expenses for which the special assessment is being made.

- f. To collect delinquent assessments by judicial proceedings or otherwise from an owner as provided in the Covenants, and to exercise other remedies for delinquent assessments as provided in the Covenants and the laws of North Carolina.
 - g. To borrow funds to pay for any expenditure required by the management and maintenance needs of the subdivision subject to the limitations of the laws of North Carolina, and to authorize the Board to execute all instruments evidencing indebtedness as may be necessary. Such indebtedness will be the obligation of all owners in the same proportion as each lot represents to the total of all the lots within the subdivision. However, the Board will not borrow more than \$3,000.00 without the approval of the majority of a quorum of 10% of the lot owners entitled to vote who are present in person and by proxy at a meeting of the Association.
 - h. To enter into contracts within the scope of their duties and powers.
 - i. To establish bank accounts for the Association and for all separate funds as required or deemed advisable by the Board.
 - j. To cause to be kept and maintained full and accurate books and records showing all the receipts, expenses, or disbursements and to permit examination thereof by owners upon written request and by appointment only.
 - k. To provide for the indemnification of and to maintain liability insurance for the Board of Directors and the Architectural Review Board, employees and agents necessary to comply with the laws of North Carolina.
 - l. To carry on the administration of the Association and to do all things necessary to carry out the purposes and intent of the By-Laws, the Covenants, adopted Rules, and the laws of North Carolina.
 - m. To delegate to any person or entity the Association's duties as may be more efficiently performed by someone other than by the Association, except the duties set forth in (d), (f), (g), (h), (i), and (j) above and duties reserved to the Board by law, and to agree to assess the owners a reasonable fee for those services.
 - n. To prepare and approve a budget before the close of each fiscal year and make it available to the owners by request.
4. The following management standards will be followed unless the Board determines otherwise:
- a. A segregation of accounting duties for each bank account will be maintained, and disbursements made by check, which will require the signature of the Treasurer or other designated member or employee of the Board. On-line banking may be used.
 - b. Accounts of the Association will not be commingled with any other account.
 - c. No remuneration will be accepted by any Board member from vendors, independent contractors, or others providing goods or services to the Association.
 - d. Any financial or other interest a Board member may have in any firm providing goods or services to the Association will be disclosed promptly to the Board.
 - e. An annual income and expense statement as of the last day of the fiscal year will be made available to the owners within 75 days after the close of the fiscal year.
 - f. Association bookkeeping records will be audited every year by a certified accounting firm. Copies will be made available to owners upon written request.

ARTICLE VIII

Hearing and Fine Procedures

1. The hearing and fine procedures below will be followed for violations of the Covenants, By-Laws, and other Rules:
 - a. Written notice will be mailed to the owner specifying the violation(s), the time and place of the hearing, the possible fine(s), and an invitation to attend and present evidence.
 - b. The closed hearing will be held by the Executive Board in accordance with the notice affording the owner a reasonable opportunity to be heard, however, the hearing will take place whether the owner attends or not. A copy of the notice and invitation to be heard will be placed in the minutes. The minutes of the hearing will contain a written statement of the results of the hearing and any fines or conditions imposed. Written and oral evidence may be presented, attorneys may not attend the hearing, Robert's Rules of Order will be used, irresponsible comments and behavior will not be allowed, and time limits to speak may be imposed by the Board. The hearing will be recorded and the tape kept for three years. The decision of the Board is final.
2. Fines imposed will be \$100.00 for each violation and without further hearing, if the violation continues after 5 days of the decision, fines of \$100.00 for each violation for each day that the violation(s) occur. Such fines are assessments secured by judicial liens under the laws of North Carolina.
3. The Association cannot remove, alter, or demolish non-conforming or violating items of construction without instituting judicial proceedings against the owner. However, fines will be imposed for each day until owner removes the violating item.
4. The hearing and fine procedure does not apply to non-payment of delinquent annual assessments or loss of voting privilege and loss of use of the common area as procedures are provided in the Covenants.

ARTICLE IX

Discretionary Committees

1. The Board may appoint committees as the Board deems appropriate for carrying out its purposes. Such committees will not have or exercise the authority of the Board, but will have such duties as the Board may deem advisable.

ARTICLE X

Architectural Review Board

1. The Association will set up and operate an Architectural Review Board that will govern all buildings and structures erected in the subdivision and will have such power and authority as provided in the Covenants. The Board of Directors will appoint three to nine members who will be in good standing at all times they serve on the Architectural Review Board. Members will discharge their duties in good faith. The Executive Board has the right to remove any members with cause.
2. The Board of Directors will exercise architectural control if they can not find three lot owners to serve on the Architectural Review Board.
3. Owners have the Covenant duty to request a review and receive written permission for each placement, replacement, or alteration of any kind.
4. Decisions of the Architectural Review Board are final.

5. The Architectural Review Board has the Covenant authority to waive an architectural restriction if they determine it is needed and can be exercised.
6. Up to date lists of approvals granted will be maintained.
7. Records of correspondence from or to owners will be maintained permanently in the Association files and the Architectural Review Board files.
8. The Architectural Review Board will report to the Board of Directors at their meetings, and to the owners at the Association meetings.
9. The Executive Board of Directors and the Architectural Review Board are separate committees of the Association with voting privileges. Lot owners may serve on one Board or the other Board, but may not serve on both Boards at the same time. The Covenant requirement of one lot-one vote will be complied with.
10. The two Boards of the Association will communicate and co-operate for the good of the Association.

ARTICLE XI

Indemnification

1. The Association will indemnify Board members, committee members, or any employee of the Association and hold them harmless from all judicial proceedings and all expenses incurred (including court costs, attorney's fees, judgments, fines, and amounts paid in settlement) arising with the administration of the Association and liability if he or she acted in good faith and in the best interests of the Association. Board members will not be liable to the Association or to any owner for any mistake or judgment except his or her own willful misconduct or bad faith.
2. The Association and its Executive Board will not be held liable for any failure of utilities or other services obtained by the Association, or by any damage to any person or property caused by natural elements or by any owner or other person, or any inconvenience or discomfort arising from any action taken by the Association, any Board member, or any owner to comply with any law, ordinance, or other governmental regulation or order.
3. All liability, loss, damage, cost, and expense arising in connection with the foregoing indemnification provisions will be treated and handled by the Association as a common expense.

ARTICLE XII

Non-profit Corporation

1. The Association is a non-profit corporation. Board members, committee members, and other members are not lawfully entitled to any monetary profit from the operation of the Association and will not receive compensation for any service rendered to the Association.
2. Any Board member or committee member may be reimbursed for expenses incurred in the performance of his or her duties in the administration of the Association.

ARTICLE XIII

Miscellaneous

1. The fiscal year will begin on the first day of January and end on the 31st day of December.
2. The Association will have a seal in a form approved by the Board of Directors having the words: Homeowners Association of Phillips Pointe Subdivision, Inc., Corporate Seal, State of North Carolina.
3. In the case of any conflict between the Articles of Incorporation, the By-Laws, or the laws of North Carolina, the laws of North Carolina will control.
4. In the case of any conflict between the Covenants and the By-Laws, the Covenants will control.
5. In the conduct of their activities on behalf of the corporation, no Board member or committee member will act so as to deny any person an appointment to the Board of Directors, the Architectural Review Board, or any committee any benefit, privilege, or treatment on the basis of sex, race, creed, color, or national origin, or any other arbitrary, capricious, or discriminatory basis. Words used in the By-Laws will be read as the masculine or feminine gender, and as the singular or plural, as the text requires.

ARTICLE XIV

Rules

1. The owner of each lot and anyone living in the residence will park all vehicles driven by them on lot's driveway. Adequate off-street parking will be provided by the owner for each vehicle.
2. Parking on the street right-of-way and the sidewalk is prohibited. The right-of-way is the area from the street curb to your property line. Sidewalks are in the right-of-way.
3. NO vehicle may park in any area that will obstruct driveway access or obstruct vehicular sight lines at driveways or intersections.
4. Any vehicle which cannot run under its own power, or has no current license tag or current inspection sticker cannot be parked or stored on any lot, the common area, or the street.
5. Boats, jet skis, large trailers, RV's, large trucks, or other items such as this cannot be stored or parked on any portion of the owner's yard or driveway or on any portion of the common area or street. They must be stored out of the subdivision.
6. Equipment must be put up after use such as movable basketball goals, bicycles, wagons, toys, gardening equipment, tools, ladders and anything that clutters the appearance of the street, street right-of-way, and front yard.
7. Setting off fireworks is a fire hazard and a noise nuisance to the neighborhood and is prohibited. Other noise nuisances such as blaring vehicle radios, outdoor practice of any musical instrument, or any other excessive noise that is an annoyance to the neighborhood is prohibited.
8. Two non-vicious household pets such as cats and dogs may be kept by an owner provided they live inside the owner's home, are under the owner's control and on a walking leash at all times they are out of the home. Animals cannot be tied up and left outside. No pens, runs, houses, or other outside structures can be erected or maintained. Animals cannot be left inside a backyard fence without being under the owner's control at all times.
9. The keeping of any pet, which is noisy or is a nuisance or annoyance to any one owner in the subdivision is prohibited.

10. Owner's who walk their pets in the street or common area for exercise must respect the rights of other owners by picking up all "poop" eliminated by the pet and not allow the animal to scratch, dig or urinate on expensive grass, trees, shrubs, or flowers. This is a common courtesy exhibited by caring pet owners and good neighbors.
11. One real estate sign is permitted in the owner's front yard to market the individual residence. The sign cannot be in excess of 6 square feet. Signs are prohibited in side and back yards, on corners, right-of-ways, and at the subdivision entry.
12. On Saturday and Sunday one "open house" sign, or one "yard sale" sign may be displayed at the subdivision entry provided they are removed by Sunday night. Directional signs may be displayed on corner right-of-ways on Saturday and Sunday also. The Board reserves the right to prohibit anyone who abuses this rule from displaying a sign.
13. All signs are prohibited in the common area unless approved in writing by the Executive Board.
14. THIS DOCUMENT REGULATES THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA AND THE STATE OF NORTH CAROLINA. Flags may be of a size no greater than three feet by five feet and must be displayed in accordance with the patriotic customs set forth in 4 U.S.C. 5-10, as amended.
15. THIS DOCUMENT REGULATES THE DISPLAY OF POLITICAL SIGNS. One political sign may be displayed in an owner's front yard no earlier than 45 days before the day of the election and no later than 7 days after the election. The sign may be up to the maximum dimensions of 24 inches by 24 inches. Political signs may not be placed on the entry islands or the street right-of ways in this subdivision.
16. Solicitation is prohibited except for local groups such as schools, Girl Scouts, and other local organizations approved by the Executive Board.
17. Small pools for children may be used in the back yard during the summer. For health and safety reasons the pools must be drained and put away after use.
18. Continuous parking of any vehicle on the lawn or grass areas is prohibited.

SEE ARTICLE VIII FOR THE FINES FOR VIOLATIONS OF THE RULES.

The real estate value of your property is determined first by the supply and demand of the market, second by the appearance of the subdivision, and third by the appearance of your property.

Please do your part to help keep our property values high.