

BYLAWS OF SALEM VILLAGE ASSOCIATION

ARTICLE I

NAME AND LOCATION

SALEM VILLAGE ASSOCIATION, hereinafter referred to as the "Association," is a nonprofit corporation. The registered office of the corporation shall be the office of Attorney Alex Thornton, 3400 Healy Drive, Suite 100, Winston-Salem, Forsyth County, North Carolina, 27103, unless otherwise directed by the Board of Directors. The Association may have offices at such other places as the Board of Directors may from time to time determine, or as the affairs of the Association require.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean SALEM VILLAGE ASSOCIATION

Section 2. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association, which includes all the grassy areas, the swimming pool, pool house, tennis court, basketball court, and driveways.

Section 3. "Lot" shall mean any plot of land or dwelling unit used for residential purposes and located within Salem Village, as recorded in Plat Book 25, Page 64 in the Office of the Register of Deeds of Forsyth County.

Section 4. "Member" shall mean a person designated on the records of the Association as a member.

Section 5. "Owner" shall mean record owner of the fee simple title to any lot within the jurisdiction of the Association, excluding, however, those holding such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean the Deed of Declaration of Covenants, Conditions and Restrictions and any and all amendments thereto applicable to real property brought within the jurisdiction of the Association.

ARTICLE III

MEMBERSHIP

Section 1.Membership. The membership of the Association is composed of Owners of lots within the jurisdiction of the Association.

Section 2.Voting Rights. All members have the right to one vote per lot owned.

Section 3.Suspension of Membership. During any period in which a member is in default in the payment of any assessment levied by the Association, default being the failure to pay in full all assessments within thirty (30) days after notice of dues are mailed, such member's voting rights and rights to use the recreational facilities may be suspended by the Board of Directors until such assessment has been paid. Suspension of voting rights and the rights to use recreational facilities shall not constitute a waiver of the right of the Association to enforce an assessment against the property of a member as provided in the Declaration. A suspended member may request a hearing before the Board of Directors if he or she believes his or her membership has been wrongly suspended.

ARTICLE IV

PROPERTY RIGHT: RIGHTS OF ENJOYMENT

Section 1.Subject to the provisions relative to suspension of membership in Section 3 of Article III above, each member shall be entitled to the use and enjoyment of the common area and facilities as provided in the Declaration. A member's rights to the use and enjoyment of the common area and facilities shall extend to the household of such member, including temporary guests while in the presence of a member of his/her household. A member may delegate his rights of enjoyment of the common area and facilities to his tenant provided such member shall notify the Secretary in writing of the name of any tenant. The Board of Directors may require that members display identification cards while using the common areas and facilities.

Section 2. Irrespective of the fact that the Declaration gives the Association the right to charge reasonable admission and other fees for the use of any recreational facility situated upon the common area, this right shall only be exercised upon written approval of one-fourth (1/4) of the financially eligible owners.

Section 3. Leasing. Any Owner may lease his or her Lot. If any Owner leases his or her Lot to any person ("lessee"), he or she shall provide to the Secretary of the Association, within thirty days of execution of any lease, the following information about the lessee: name of lessee, names of any individuals who will be living with lessee, previous address of lessee, a copy of any rental application completed by lessee, any credit or criminal background check of lessee, if performed by such Owner, and number of cars owned by lessee to be parked at Salem Village. No

unlicensed vehicles shall be parked in any of the common areas. After a thirty day notification, any such vehicles shall be towed at the vehicle owner's expense.

ARTICLE V

MEETINGS OF MEMBERS

Section 1.Place of Meetings. All meetings of members shall be held at the Reynolds Park Recreation Center, 2450 Reynolds Park Road, Winston-Salem, North Carolina, or at such other place as shall be designated in the notice of the meeting or agreed upon by the majority of the members entitled to vote at the meeting.

Section 2.Annual Meetings. Each semi- annual meeting shall be held within six (6) months of the preceding semi-annual meeting at a time and place approved by the Board of Directors and designated in the notice of the meeting, for the purpose of electing Directors of the Association and for the transaction of such other business as may be properly brought before the meeting.

Section 3.Special Meetings. Special meetings of the members may be called at any time by the President, Secretary, or the Board of Directors, or upon written request of members entitled to cast one-third (1/3) of the votes needed to elect a director.

Section 4.Notice of Meetings. Written notice stating the date, time, and place of any meeting of the members shall be delivered not less than ten (10) nor more than sixty (60) days before the date of such meeting, either personally or by mail, by or at the direction of the President, the Secretary or other person(s) calling the meeting, to each member entitled to vote at the meeting.

In case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 5 Quorum. The presence at the meeting of members entitled to cast ten percent (10%) of the votes of the membership shall constitute a quorum. If, however, a quorum shall not be present 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, until a quorum shall be present.

Section 6.Organization of Meeting. Each meeting of the members shall be presided over by the President, or in the absence of or at the request of the President, by such other officer as the President or the Board of Directors may designate. The Secretary, or in the absence or at the request of the Secretary, anyone designated by the person presiding at the meeting, shall act as secretary of the meeting.

Section 7. Proxies. A member may vote in person and not by proxy. A member may, however, vote by mail using a form which shall be prescribed by the Board of Directors.

ARTICLE VI

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. The business and affairs of the Association shall be managed by the Board of Directors.

Section 2 .Number, Term, and Qualification

- A. The number of Directors of the Association shall not be less than five nor more than nine. The number of directors may be changed from time to time, within the minimum and maximum, by the Board of Directors.
- B. Each Director shall hold office for a term of three (3) years.
- C. Directors must be members of the Association.
- D. If a member is delinquent in the payment of his or her assessments, then and in such event he or she may not serve as a Director or serve on any Committee of the Association until his or her delinquency is cured. A Member denied the ability to serve on the Board of Directors or on any Committee may request a hearing before the Board of Directors if he or she believes his or her membership has been wrongly prevented from so serving.

Section 3. Election. At the first semi- annual meeting, usually during the month of June, the members shall elect directors to replace any retiring directors and shall elect new directors if director positions are added by the Board of Directors pursuant to Section 2.A above.

- A. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at an annual meeting of members. The Nominating Committee shall consist of the President of the Association and two (2) other persons appointed by the President with the consent of the Board of Directors.
- B. Election to the Board of Directors shall be by secret written ballot distributed to the members. A ballot shall be mailed to each member with the notice of the semi-annual meeting of members. Such ballot may be returned by mail in the envelope provided by the Association and will be counted as if cast at the annual meeting of the members. A member in lieu of voting for directors by mail may appear and vote for directors in person by secret written ballot at the semi-annual meeting. No proxies may be recognized at a semi-annual or special meeting of members. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4.Vacancies. A vacancy created by removal of a director shall be filled by the majority vote of the members of the Board. Upon the death or resignation of a director, his successor shall be selected by the remaining members of the Board to serve for the unexpired term of his predecessor.

Section 5.Removal. Any director may be removed from the Board with or without cause, by a majority vote of the members.

Section 6.Compensation. No director shall receive compensation for any service he or she may render to the Association as a director. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as director. A director may receive compensation for services rendered to the Association other than as a director. Any such compensation paid to a person who is a director for services rendered to the Association shall be described fully in the notice of the annual meeting of members.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1.Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as may be determined by resolution of the Board. No further notice shall be required of a regular meeting.

Section 2.Special Meetings. A special meeting of the Board of Directors shall be held upon the call of the President of the Association, or of any two (2) 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. Every act or decision done or made by a majority of the directors present at a duly convened meeting at which a quorum is present shall be regarded as an act of the Board.

Section 4.Action Taken Without Meeting. The Directors shall have the right to take any action in the absence of a meeting, as if there were a meeting, by obtaining written or oral approval of a quorum of the directors. Any action so approved shall have the same effect as though taken at a meeting of directors. Any action so taken shall be reported to all of the directors as soon as practicable. The dissent of any director(s) to such action shall, upon request of the dissenting director(s), be recorded in the minutes.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- A. To elect the Officers of the Association
- B. To adopt 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;
- C. To exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- D. To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from two (2) consecutive regular meetings of the Board of Directors if in the discretion of the other members of the Board of Directors such absences are unexcused; and
- E. To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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 and corporate affairs and to present a statement thereof to the members at the annual meeting of the members;
- B. To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- C. As more fully provided herein and in the Declaration:
 - 1. To fix the amount of the quarterly or monthly assessment against each Lot at least thirty (30) days in advance of each quarterly assessment period;
 - 2. To send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each quarterly or monthly assessment period;

3. To institute proceedings for the collection of assessments which are delinquent by a period of more than fifteen (15) days including:
 - a. Imposition of a fine fixed by the Board of Directors for late payment;
 - b. Filing a claim of lien;
 - c. Foreclosing on a lien.
 - d. Instituting court action to enforce payment of assessments by the Board's attorney.
4. To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;
5. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
6. To cause the Common Area to be maintained; and

To cause the books of the Association to be examined by an independent Certified Public Accountant as frequently as determined by the Board of Directors but in no event no less frequently than every year.

ARTICLE IX

COMMITTEES

Section 1. The Board of Directors shall appoint committees as deemed appropriate in carrying out its purposes, such as:

- A. A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;
- B. A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvements of the Properties, and shall perform such other functions as the Board, in its discretion, determines;
- C. A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association;

- D. A Finance Committee which shall prepare an annual budget to be submitted to the directors for approval and otherwise advise the directors relative to the fiscal affairs of the Association. The Finance Committee shall assist the independent Certified Public Accountant in the preparation of a summary statement of income and expenses which shall be presented to the members at their regular meeting. The Treasurer shall be the Chairman of the Finance Committee; and
- E. An Architectural Control Committee which shall be responsible for maintaining the aesthetic integrity of the exterior of the buildings. The Architectural Control Committee shall approve any substantial changes in landscaping, decoration or architecture.
- F. A Welcome Committee which shall welcome new owners and tenants to the community with a gift basket or package, a copy of the By-Laws, and contact information for the Board of Directors.

Section 2. It shall be the duty of each committee to receive complaints from members on any matters involving 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 or officer of the Association, as is further concerned with the matter presented.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Officers of the Association. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution elect. The offices of the 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 additional offices created by the Board of Directors. No Member shall be eligible to serve as an officer of the Association if the Association has obtained a judgment against such Member within the 36 months prior to the election of officers in a legal action instituted by the Association for the collection of assessments. No Member shall be eligible to serve as an officer of the Association if the member's account has been referred to an attorney for collection until the Member has made timely payments of dues subsequent to the collection for 36 months.

- A. President The President shall be the principal officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association in accordance with these Bylaws.

He or she shall, when present, preside at all meetings of members. He or she shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent; and, in general, he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

- B. Vice President The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.
- C. Secretary. The Secretary shall record the votes and keep accurate records of the acts and proceedings of all meetings and proceedings of the Board and of the members. The Secretary shall give all notices required by law and by these Bylaws and shall have general charge of the Association books and the corporate seal of the Association. The Secretary shall affix the corporate seal to any lawfully executed document requiring it; keep appropriate current records showing members of the Association together with their addresses, and shall perform such other duties as required by the Board or incident to the office of Secretary.
- D. Treasurer. The Treasurer shall supervise the receipt and deposit of all moneys of the Association and the disbursement of such funds as directed by resolution of the Board of Directors, sign or countersign checks and promissory notes of the Association, cause the keeping of proper books of account, cause an audit of the Association books to be made by an independent Certified Public Accountant approved by the Board of Directors as directed by the Board of Directors, and with the assistance of the Finance Committee, submit an annual budget and a statement of income and expenditures to the Board of Directors for presentation to the membership at its regular annual meeting, make recommendations to the Board of Directors relative to the fiscal affairs of the Association and perform such other duties as required by the Board or incident to the office of Treasurer.

Section 2.Election and Term. The election of officers shall take place at the first meeting of the Board of Directors following the first semi-annual meeting of the year of the members. The officers of this Association shall be elected annually by the Board and each shall hold office for one year or until successors shall be elected unless an officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 3.Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer 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 notices 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 4 .Vacancies. A vacancy in any office may be filled in the manner prescribed by regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 5.Compensation. No officer shall receive compensation for any service he or she may render to the Association as an officer. However, any officer may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as director. Any such compensation paid to a person who is an officer for services rendered to the Association shall be described more fully in the notice of the annual meeting of members.

ARTICLE XI

CONTRACTS, CHECKS AND DEPOSITS

Section 1.Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Association and such authority may be general or confined to specific instances.

Section 2.Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3 .Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors shall direct.

ARTICLE XII

MEMBERSHIP AND TRANSFER THEREOF

Section 1.Membership. A current list of the members shall be maintained by the Secretary of the Association.

Section 2.Transfer of Membership. Transfer of membership shall be made on the transfer books of the Association upon notification by the member that the membership should be transferred or upon notification by an Owner that membership should be transferred.

Section 3.Closing Transfer Books and Fixing Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the Board of

Directors may provide that the transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days immediately preceding the date of the meeting or the date on which the particular action requiring such determination of members is to be taken. If the transfer books shall be closed for the purpose of determining members entitled to notice or to vote at a meeting of members, such books shall be closed for at least ten (10) days immediately preceding such meeting.

If the transfer books are not closed, the date on which notice of the meeting is mailed shall be the record date for determination of members.

ARTICLE XIII

RECORDS

Section 1.Records. The Secretary shall keep a copy of the following records.

- A. Its Deed and Declaration of Covenants, Conditions, and Restrictions, and all amendments to it currently in effect;
- B. Its Articles or restated Articles of Incorporation and all amendments to them currently in effect;
- C. Its Bylaws or restated Bylaws and all amendments to them currently in effect;
- D. Resolutions adopted by the Board of Directors;
- E. The minutes of all member meetings for the past three years;
- F. A list of the names and addresses of its current directors and officers.

Section 2.Financial Statements. The Association shall make available to its members annual financial statements that include a balance sheet as of the end of the financial fiscal year, an income statement for that year, and a statement of cash flow for the year.

ARTICLE XIV

GENERAL PROVISIONS

Section 1.Seal. The seal shall be in the form of a circle with the name of the Association and N. C. on the circumference and the word "SEAL" in the center as shown by the impress of the corporate seal on the margin of this section of the Bylaws.

Section 2. Notice. Except as otherwise provided in the Articles of Incorporation of these Bylaws, any notice permitted or required to be given pursuant to the Bylaws may be given in any manner permitted by applicable law and with the effect therein provided. Without limiting the generality of the foregoing, written notice by the Corporation to a member is effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the member's address shown in the Corporation's current record of members.

Section 3. Waiver of Notice. Whenever any notice is required to be given to any member or Director under provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the Charter or Bylaws of this Association a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 4. Fiscal Year. Unless otherwise ordered by the Board of Directors by action recorded in the minutes, the fiscal year of the Association shall be the calendar year. The election of officers shall occur in after the semi-annual meeting in July of each year.

Section 5. Amendments. Except as otherwise provided herein, these Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the Directors then holding office at any regular or special meeting of the Board of Directors. No alteration, amendment or rescission of a Bylaw shall be voted upon unless notice thereof has been given pursuant to Article V, Section 4, above, in the notice of the meeting or unless stating that action upon the Bylaws is to be taken at the meeting, and the original of such waiver shall be recorded in the Minute Book.

ARTICLE XV

THE RULES AND REGULATIONS OF THE SALEM VILLAGE ASSOCIATION

Section 1. We are to keep our community looking good, clean, and beautiful.

Section 2. Satellite dishes are only allowed on individual homeowner's property and not on the common property.

Section 3. Homeowners are responsible for their guests' conduct.

Section 4. There should be no speeding throughout the complex.

Section 5. There should be no loud music being played or profanity being used that other neighbors can hear.

Section 6. Any person requesting use of the common areas for social gatherings is required to pay a \$50.00 deposit. This fee is refundable if the area is restored to its original condition after the social.

Section 7. There should be no illegal drug activity on the premises, including use of drugs in the common areas and selling of drugs anywhere in the community.

Section 8. There should be no smoking around the common areas.

Section 9. There should be no parking of vehicles on the grass, or parking that blocks other neighbor's property or parking spaces.

Section 10. Inflatable toys, including bouncies, for children are not allowed in the common areas. If a tragedy or accident occurs, the Association would be held liable unless a waiver has been signed by the parents.

Section 11. There should be no unlicensed vehicles on the premises. Any such vehicle shall be towed at the vehicle owner's expense after a thirty day notification.

Section 12. There should be no commercial business operating in an individual unit, such as a beauty or barber shop, etc.

Section 13. Furniture, mattresses, large appliances, discarded wood, discarded carpeting, and other large household items should not be placed in or around the dumpsters. Inappropriate bulk items can be disposed of at Hanes Mill Landfill, 325 W. Hanes Mill Road. The complex's yard man can remove one's discarded bulky items at a nominal fee. Contact the Board secretary if this request is needed.

Section 14. Appropriate items should be placed in the recycle bins located beside the dumpsters: junk mail and office paper, magazines and catalogues, newspapers and inserts, phone books, plastic bottles with the caps removed, aluminum beverage cans, steel food and beverage cans, aerosol cans, glass food and beverage jars and bottles, aluminum pie tins and foil, cardboard milk and juice cartons, corrugated cardboard, chipboard/paperboard (cereal boxes, paper towel rolls, facial tissue and gift boxes), etc.

Section 15. Inappropriate items are not to be placed in the recycle bins: motor oil, antifreeze, pesticides containers, herbicides and other household chemical containers, ceramics, dishes, drinking glasses and glass cooking storage containers, plastic bags and plastic wrap, paint cans, plastic, mirrors and window glass, light bulbs, books, styrofoam containers, deli containers. Household hazardous waste can be recycled at 3RC, 1401 S. Martin Luther King, Jr. Drive, across from Bowman Gray Stadium.

Section 16.Parents/guardians should monitor the activities of their children when they are playing outside to avoid property damage and/or injury.

Section 17.Residents should report any suspicious activity to the police and any Association board member living on the premises.

PLEASE NOTE

The following sections refer to the 1975 Code of law for the city of Winston-Salem and are applicable for Salem Village.

Section 18.Dogs Running at Large Prohibited

It is unlawful for any homeowner to permit any animal belonging to him/her to run at large upon the streets of the city. (Code 1975,§ 3-1)

Section 19. Noisy Dogs

Any person keeping within the corporate limits of the city, or within one mile thereof, one or more dogs which habitually and regularly bark, howl or whine for at least 15 minutes so as to result in serious annoyance to neighboring residents and as to interfere with the reasonable use and enjoyment of the premises occupied by such residents shall be guilty of maintaining a nuisance.(Code 1975,§ 3-10)

Section 20. Complaint of violation of section 18 or 19; abatement of nuisance

Upon complaint being made to the police department of a violation of sections 18 or 19, a representative of the police department shall notify such person maintaining the nuisance set out in such sections that a complaint has been made, and thereupon such person shall abate such nuisance within 24 hours. (Code 1975,§ 3-11).

Section 21. Sanitation requirements for dogs

- (a) On premises of owner. At all times, the housing and the premises for dogs kept within the corporate limits of the city shall be maintained in a sanitary manner. There shall be provided a bin or pit which shall be watertight and so arranged that it is flyproof, or a watertight barrel with a close-fitting lid. Manure accumulating on the premises shall be placed in the bin, pit or barrel each day, and the manure shall be removed from the premises at intervals not longer than five days beginning March 15 and continuing until September 15 of each year, and at intervals of one week from September 16 to March 14 of each year.
- (b) Off premises of owner. It shall be unlawful for the owner of any dog to permit the dog to leave its droppings on the property of another. (Code 1975,§ 3-13); (Code 1975,§ 3-10)

