

**By-Laws of Downing Creek Community Association, Inc.**  
**Amended April 3, 2012**

**Article I Members**

**Section 1. Membership in the Corporation.**

The members of the Downing Creek Community Association, Inc, (hereinafter referred to as "Corporation"), shall be specified in Article III, Section 1, of the Declaration of Covenants and Restrictions of Downing Creek Community Association and Downing Creek Associates, a North Carolina Partnership, as amended, hereinafter referred to as the "Covenants". The "Company" shall mean and refer to Downing Creek Associates, its successors and assigns.

The Board of Directors of the Corporation may suspend the voting rights of any member during any period of time when such person is in default of any of his obligations under the By-Laws (including, without limitation, the failure to pay any assessment), provided that such default has continued uncured for a period of ten (10) days after written notice thereof to such member.

**Section 2. Membership Classes.**

There shall be the following five (5) classes of membership in the Corporation:

- (1) **TYPE "A"**: Type "A" members shall be all owners, including the Company, its successors and assigns, of Residential Lots and Family Dwelling Units. A Type "A" member shall be entitled to two (2) votes for each Residential Lot which he owns.
- (2) **TYPE "B"**: Type "B" members shall be all those Owners, including the Company, its successors and assigns, of platted Public or Commercial Sites and Multiple-Family Tracts. A Type "B" member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars in Annual Assessments paid to the Corporation. In computing the number of votes to which a Type "B" member shall be entitled, the amount of Assessment paid shall be rounded to the nearest One Hundred (\$100.00) Dollars.
- (3) **TYPE "C"**: Type "C" members shall be all of those owners, including the Company, its successors and assigns, of Public or Commercial Units. A Type "C" member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars in Annual Assessments paid to the Corporation. In computing the number of votes to which a Type "C" member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred (\$100.00) Dollars.

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- (4) **TYPE "D"**: Type "D" members shall include all those Owners, including the Company, its successors and assigns, of Unsubdivided Lands and Development Unit Parcels held and intended for future development by the company or a third party. A Type "D" member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars of Annual Assessments paid to the Corporation. In computing the number of votes to which a Type "D" member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest one Hundred (\$100.00) Dollars.
- (5) **TYPE "E"**: The Type "E" member shall be the Company, its successors and assigns. The Type "E" member shall be entitled to elect a portion of the Board of Directors as set out in Article VII of the Articles of Incorporation.

Payment of Special Assessments shall not entitle Type "A", "B", "C", and "D" members to additional votes. When any property entitles the Owner to membership as Type "A", "B", "C", or "D" member of the Corporation is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Corporation, their acts with respect to voting shall have the following effect:

- (1) If only one (1) votes, in person or by proxy, his act shall bind all;
- (2) If more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all;
- (3) If more than one (1) votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (4) If the instrument or order filed with the Secretary of the Corporation shows that any such Tenancy is held in unequal interest, a majority or even split under subparagraphs (2) and (3) immediately above shall be a majority or even split in interest in the property to which the vote(s) is attributable;
- (5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections, and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned by said Owner to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee.

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**Section 3. Voting Rights in the Corporation.**

The members of the Corporation shall have the right to vote for the election and removal of directors' and upon such other matters with respect to which a vote of members is required under the laws of the state of North Carolina. Each member of Type "A", "B", "C", and "D" membership classes shall be entitled to as many votes as equals the total number of votes he is entitled to based on his ownership of or Tenancy in one (1) or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 hereof. In the election of directors, each member may cast the total, number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be allowed. Members, except the Type "E" membership, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

**Section 4. Members to Have Power of Referendum in Certain Instances.**

Where specifically provided for herein, the members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Corporation by Referendum. In the event fifty-one (51%) percent, or more, of the votes actually returned to the Corporation within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the members; provided, however, that if a higher percentage vote require" to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions herefor. At any time the Type "A", "B", "C", and "D" members have the ability to elect a majority of the Board of Directors, the members may require a Referendum on any action of the Board of Directors by presenting to the Secretary of the Board within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action a petition signed by not less than twenty five (25%) percent of the members.

**Article II Meeting of Members**

**Section 1. Annual Meeting.**

The annual meeting of the members shall be held on such date during April or May of each year as shall be fixed yearly by a resolution of the Board of Directors. Such annual meetings shall be held for the purpose of electing directors and for transaction of such other business as may come before the meeting.

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**Section 2. Special Meeting.**

Special meeting of the members may be called by the President, the Board of Directors or, subsequent to the first annual meeting, members of the corporation holding not less than one-fifth of the votes.

**Section 3. Place of Meeting.**

The Board of Directors or the President may designate any location within Durham or Orange Counties, North Carolina as the place for any annual meeting or special meeting called by the Board of Directors, and the President may designate any location as the place for any special meeting called by him. If no designation is made or if a special meeting is called by the members of the Corporation, the place of meeting shall be the principal office of the Corporation within Durham County, North Carolina.

**Section 4. Notice of Meeting.**

Written notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each member of the Corporation at his address as shown on the records of the Corporation. A member may, in writing, signed by him, waive notice of any meeting before or after the date of the meeting stated therein.

**Section 5. Informal Action by Members.**

Any action required or permitted by law to be taken at a meeting of the members of the Corporation may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the members of the Corporation, which consent shall be filed with the Secretary Of the Corporation as part of the corporate records.

**Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Corporation.**

The quorum required for any action which is subject to vote of the members at an open meeting of the Corporation (as distinguished from the Referendum) shall be as follows:

- a. The first time a meeting of the members of the Corporation is called to vote on
  - (i) an increase in the Maximum Regular Annual Assessment greater than that provided for by subparagraph (o) of Section 3 of Article V of the Covenants, (ii)

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a Special Assessment as provided for by Section 4 of Article V of the Covenants, (iii) the gift or sale of any parcel of land and improvements thereon designated as a Common Property or Restricted Common Property as provided for by subparagraph (f) of Section 4 of Article IV of the Covenants, (iv) an Amendment to the Covenants as provided for by Section 2 of Article VIII of the Covenants, or (v) the termination of the Covenants as provided for by Section 1 of Article VIII of the Covenants, the presence at the meeting of members or proxies entitled to cast sixty (60%) percent of the total vote of the membership required for such action shall constitute a quorum.

- b. The first time a meeting of the members of the Corporation is called to vote on any action proposed to be taken by the Corporation, other than that described in subparagraph (a) above, the presence at the meeting of members or proxies entitled to cast thirty (30%) percent of the total vote of the membership required for such action shall constitute a quorum.

If the required quorum is not present at any meeting described in subparagraphs (a) or (b) above, with the exception of any meeting called to vote on the termination of the covenants described in subparagraph (a) (v) above, another meeting or meetings may be called subject to the giving of proper notice and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting.

**Section 7. Conduct of Meetings.**

The directors may make such regulations as they deem advisable for any meeting of the members, including proof of membership in the Corporation, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulation shall be binding upon the corporation and its members.

**Section 8. Ballots by Mail.**

When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Corporation, a statement of certain motions to be introduced for vote of the members and a ballot on which each member may vote for or against each motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in section 6 of this Article II. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

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**Article III Directors**

**Section 1. General Powers.**

The affairs of the Corporation shall be managed by its directors. The directors need not be members of the Corporation.

**Section 2. Tenure.**

At the first annual meeting, the member shall elect directors to serve until the second subsequent Annual Meeting. At each annual meeting thereafter (or at a Special Meeting expressly called for election of directors required due to increase in the number of members of the Board of Directors), the members shall elect directors as provided in the Articles of Incorporation. Any vacancy occurring in the initial or any subsequent Board of Directors, other than by increase in the number of members of the Board of Directors, may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by a sole remaining director and, if not previously filled, shall be filled at the next succeeding meeting of the members of the Corporation. Any director elected to fill a vacancy, other than by increase in the number of members of the Board of Directors, shall serve as such until the expiration of the term of the director whose position he was elected to fill. Election of directors by the Board of Directors to fill a vacancy may be conducted by mail ballot if the Board of Directors so determine.

**Section 3. Annual Meetings.**

Annual meetings of the Board of Directors shall be held annually immediately following the annual meeting of the members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without notice.

**Section 4. Special Meetings.**

Special meetings of the Board of Directors may be called by or at the request of the President or any two directors by giving notice thereof as provided in Section 5 of this Article III. Such persons calling a special meeting of the Board of Directors may fix any location as the place for holding such special meeting.

**Section 5. Notice**

When notice of any meeting of the Board of Directors is required, such notice shall be given at least three days previous to such meeting by written notice delivered personally or sent by mail to each director at his address as shown on the records of

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the Corporation. If mailed, such notice shall be deemed to be delivered when deposited, postage prepaid, in the United States mail in a sealed envelope properly addressed. Any director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted to, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting unless specifically required by law, the Articles of Incorporation, these By-Laws or the Covenants.

**Section 6. Quorum.**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting without further notice.

**Section 7. Manner of Acting.**

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**Section 8. Compensation.**

Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors any director may be reimbursed for his actual expenses incurred in the performance of his duties as director but nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

**Section 9. Informal Action by Directors.**

Any action required or permitted by law to be taken at a meeting of directors may be taken without a meeting if a consent in writing setting forth the action so take shall be signed by a majority of the directors, which consent shall be filed with the secretary of the Corporation as part of the corporate records. If agreed to by all directors, any action may also be voted on electronically, as by telephone or email, provided this action is documented in the minutes of the following meeting.

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**Article IV Powers and Duties of the Board of Directors**

**Section I. Powers.**

The Board of Directors shall have power to:

- a. adopt and publish rules and regulations governing the use of the Common Properties and Restricted Common Properties and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- b. suspend the voting rights and right to use the Common Properties and Restricted Common Properties during any period in which such member shall be in default in the payment of any assessment levied by the Corporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- c. exercise for the Corporation all powers, duties and authority vested in or delegated to the Corporation and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Covenants;
- d. 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 to:

- a. 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, or at any special meeting when such statement is requested in writing by one-fourth (1/4) vote of the members who are entitled to vote;
- b. supervise all officers, agents and employees of the Corporation, and to see that their duties are properly performed;
  - (1) fix the amounts of all assessments;
  - (2) send written notice of all assessments to every owner subject thereto;
  - (3) in the discretion of the Board of Directors, foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally' obligated to pay the same; and
  - (4) provide for a Board of Architectural Review.



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- c. issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates, If a certificate states an assessment has been aid, such certificate shall be conclusive evidence of such payment;
- d. procure and maintain adequate liability and hazard insurance on property owned or leased by the Corporation;
- e. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- f. cause the Common Properties, Restricted Common Properties, Intended Common Properties, and Intended Restricted Common Properties to be maintained or improved.

**Article V**

To the extent and in the manner provided by law, the Corporation may participate in mergers and consolidation with other non-profit associations organized for the same purpose, provided, however, that any such mergers or consolidations shall require approval by receiving more than two-thirds of the votes entitled to be cast by Type "A", "B", "C" and "D" members present or represented by proxy at a meeting held in accordance with the provisions of North Carolina State law.

Upon mergers or consolidation of the Corporation with another association or associations, its property right and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Corporation as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the covenants and restriction established upon any other property as one plan. No mergers or consolidation shall effect any revocation, change or addition to the Covenants, including, without limitation, the maximum limit on assessments and dues of the corporation, or any other matter substantially affecting the interest of members of the Corporation.

**Article VI**

To the extent provided by law, the Board of Directors of the Corporation shall have the power and authority to mortgage the property of the Corporation and to pledge the revenues of the corporation as security for loans made to the Corporation which loans shall be used by the Corporation in performing its authorized functions; provided that any such mortgage is with the prior consent of two-thirds of the

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members at a duly called meeting of the Corporation. Notwithstanding anything in the covenants to the contrary, the Corporation shall not be allowed to reduce the level of the Annual Assessment below the limit of the Maximum Regular Annual Assessment at any time there are outstanding any amounts due the Company as repayment of any such loans made by the Company to the Corporation without the express written consent of the Company.

**Section 1. Officers.**

The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. The President shall be a director of the Corporation, Other officers may be, but need not be, directors of the Corporation.

**Section 2. Election, Term of Office and Vacancies.**

The officers of the Corporation shall be elected annually by the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

**Section 3. Removal.**

Any officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby.

**Section 4. Powers and Duties.**

The officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the, Board of Directors, except as otherwise determined by the Board of Directors, The President shall be chief executive officers of the Corporation.

**Section 5. Resignation.**

Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise

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specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Article VIII Committees**

**Section 1. Committees of Directors.**

The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Corporation; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the levy of the Annual Assessment; the dissolution, merger or consolidation of the Corporation; the amendment of the Articles of Incorporation of the corporation; the amendment of the Covenants; mortgage of the properties of the Corporation or the pledge of revenues of the Corporation as security for loans made to the Corporation; or the sale, lease or exchange of any land and any improvements thereon owned by the Corporation; (b) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (c) the amendment or repeal of these By-laws or the adoption of new By-Laws; and (d) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

**Section 2. Other Committees.**

Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Corporation may be designated by a resolution adopted by a majority of directors present at a meeting of which quorum is present. Such committees shall perform such duties and have such powers as may be provided in the resolution.

**Section 3. Rules.**

Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

**Article IX Certificate of Membership**

The Board of Directors may provide for the issuance of certificates evidencing membership in the Corporation, which shall be in such form as may be determined by the Board.

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**Article X**

The books, records and papers of the Corporation shall, all times during reasonable business hours, be subject to inspection by any member. The Covenants, the Articles of Incorporation, and the By-Laws of the Corporation shall be available for inspection and purchase by any member at principal office of the Corporation.

**Article XI Proxies**

**Section 1.**

Each member entitled to vote may vote in person or by proxy at all meetings of the Corporation.

**Section 2.**

All proxies shall be executed in writing by the member or by his duly authorized attorney-in-fact and filed with the Secretary; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Covenants. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date, and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy granted by a member shall automatically cease upon the termination of such member's membership in the Corporation.

**Article XI Construction**

In the event of a conflict between the Covenants and the Articles of Incorporation or the By-Laws, the Covenants shall control; and in the case of any conflict between the Articles of Incorporation and the By-Laws that the Covenants do not resolve, the Articles of Incorporation shall control.

**Articles XIII Assessments**

Subject to the exemptions set forth Article V,1 Section 12 of the Covenants, each member is obligated to pay to the Corporation annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall, unless waived by the Board of Directors, bear interest from the date of delinquency at the maximum annual interest rate permitted by law, and the corporation may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such

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assessment. The Board of Directors may authorize a Billing Agent to collect Assessments. If the Board of Directors elects utilize a Billing Agent to collect assessments, interest which shall accrue on past due sums shall be the maximum interest rate which such agent may lawfully charge. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot.

**Article XIV Corporate Seal**

The Corporation shall have a seal in circular form having within its circumference the words: Downing Creek Community Association, Inc., State of North Carolina, 1986.

**Article XV**

The corporation is not organized for profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or asset of the Corporation shall inure to the benefit of or be distributed, upon dissolution to any member of the Corporation, Director, Officers or other private person. If the Corporation is dissolved, the assets shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes.

**Article XVI Amendments**

These By-Laws may be altered, amended or repealed, and new By-Laws may be adopted (i) by the Board of Directors, or (ii) at a regular or special meeting of the members by a vote of a majority of votes of the Corporation.

**CERTIFICATE**

The foregoing By-Laws were amended and adopted by the duly authorized Board of Directors of Downing Creek Community Association 3rd day of April, 2012.

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