

BYLAWS OF MILLCROFT HOMEOWNERS ASSOCIATION
November 21, 2011

ARTICLE I.
BUSINESS ADDRESS

The business address of Millcroft Homeowners Association ("the Association") shall be 2000 Fearington Village Center, NC 27312. The business address maybe changed by the Board of Directors if required by the U.S. Postal Service, or, upon approval of the membership, for any other reason.

ARTICLE II.
MEMBERSHIP IN THE ASSOCIATION

Every person or entity who is a record owner of a fee or undivided fee interest in any separate parcel of land designated for separate ownership or occupancy and residential use ("the Lots") with in a subdivision known as Millcroft Close, a North Carolina planned community, located in Chatham County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership. All references herein to "the Community" shall mean and refer to all areas encompassed by the boundaries of that tract of land located in Chatham County, North Carolina, and described in Exhibit A attached hereto and incorporated herein, and such additional land as maybe subjected to the Declaration of Covenants and Restrictions for Millcroft Close of record at Book 1234 Page 561, Chatham County Registry ("the Declaration").

ARTICLE III
PURPOSES OF THE ASSOCIATION

The powers, purposes and duties of the Association shall be:

- A. To maintain and preserve all Common Areas, and all roads, streets, decorative and protective structures (including but not limited to entry monuments and buffer walls), ponds, lakes, utilities, landscaped areas and other improvements located thereon, if any;
- B. To enforce the provisions of these Bylaws, of the Declaration, of any Supplemental Declaration, the Articles of Incorporation, the Architectural Guidelines and of any rules and regulations promulgated by the Association, as the same maybe amended from time to time;
- C. To have all rights and powers and to perform all duties and obligations under the Declaration that may be assigned to it by Declarant;
- D. To have all rights and powers and to perform all duties and obligations of an owner's association as provided by Article 3of Chapter 47F of the North Carolina General Statutes, the terms of which are incorporated herein, as they may be amended from time to time;

E. To promote and protect the enjoyment and beneficial use and ownership of the Lots; and

F. To promulgate and enforce the rules and regulations and administrative rules and regulations for use of the Common Area.

No part of the net earnings of the Association shall inure to the benefit of its members, directors or officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV. ASSESSMENTS

The Association shall have the power to make and collect assessments against the Lots as stated in Article V of the Declaration, the terms of which are incorporated herein, and as provided by Article 3 of Chapter 47F of the North Carolina General Statutes, the terms of which are incorporated herein, as they may be amended from time to time.

ARTICLE V. MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Chatham County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members shall be held in November of each year on any day (except a legal holiday) in that month as determined by the Board of Directors for the following purposes:

1. To fix the amount of the annual assessment against each lot pursuant to Article IV above; and
2. To transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any rules and regulations governing the Community.

Section 3. Election of the members of the Board of Directors of the Association. The meeting of the members shall be held in April of each year on any day (except a legal holiday) in that month as determined by the Board of Directors for the following purposes:

1. To elect the members of the Board of Directors; and
2. To transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any rules and regulations governing the Community.

Section 4. Substitute Meetings. If the annual meeting or the meeting to elect members of the

Board of Directors shall not be held on the day designated by these Bylaws, substitute meetings may be called in accordance with the provisions of Section 5 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting or the meeting to elect members of the Board of Directors.

Section 5. Special Meetings. Special meetings of the members may be called at any time by the President, a majority of the Board of Directors of the Association, or by petition of the Lot owners having not less than ten percent (10%) of the votes in the Association.

Section 6. Notice of Meetings. Written notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty days before the date of any members' meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association, to each member of record. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records of the Chatham County Tax Collector to determine the addresses of the owner(s) of a Lot.

The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any proposed changes to the budget or any proposal to remove a director or officer. Notice of consideration of a proposed annual budget for the Association shall be given as provided by Section 47F-3-103 of the North Carolina General Statutes, as the same may be amended from time to time.

Section 7. Voting Rights. On matters of Association business submitted to vote of the membership, the voting criteria are provided in Article IV, Section 2 of the Declaration.

Except for as otherwise provided for in these Bylaws, in the Declaration or by Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time: (i) Lot owners entitled to cast at least ten percent (10%) of the votes in the Association (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote, and (ii) all matters submitted to a vote at any meeting held in accordance with these Bylaws shall be decided by a simple majority of the total votes cast.

Section 8. Voting by Proxy. Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. The proxy may be in the form of a document signed personally or a document delivered by email containing a signature, for example, in the form of a pdf. A proxy terminates one year after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The under signed hereby irrevocably constitute and appoint _____ their attorney -

in-fact and proxy for the sole purpose of casting the vote allocated to Lot _____ on all matters submitted to vote at that meeting of Millcroft Homeowners Association, to be held on _____, 20___. The undersigned hereby ratify and confirm all such votes cast on behalf of said lot at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said lot.
This is the __day of _____, 20__.

Section 9. Voting List. At least ten days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 10. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Purpose and Number. The business and affairs of the Association shall be managed by a Board of Directors. The number of Directors of the corporation shall be minimum of three (3) and a maximum of six (6) members, each of whom shall be Lot owners.

Section 2. Election and Term. The members of the Board of Directors of the Association shall be elected by the membership of the Association at the designated meeting of Association members, and those persons who receive the highest number of votes at a meeting shall be elected. The election of Directors shall be by ballot. The directors shall be elected to one-year terms, and each director shall hold office until his/her death, inability to serve, resignation or removal, or until the expiration of his/her term and election of his/her successor. In the event that a 100% new board is elected, a member of the previous Board of Directors may serve the new Board of Directors in an ex-officio capacity and may be invited to all Board of Director meetings but have no voting rights. This ex-officio member shall be selected by the new Board of Directors.

Section 3. Removal. Any director may be removed at any time with or without cause by a vote of the members at a meeting held in accordance with these Bylaws.

Section 4. Vacancies. In the event of the death, inability to serve, resignation or removal of Director(s), his/her successor shall be decided upon as follows. If one Director no longer serves, the remaining Board of Directors shall appoint another Director who shall serve out the term of the Director being replaced as soon as practical. If more than one Director no longer serves, a new election shall be called as soon as practical to elect replacements who shall serve until the

next Board election.

Section 5. Powers and Duties. The Board of Directors shall have all the powers and duties of an executive board of a homeowners association as provided by Section 475-3-102 and 103 of the North Carolina General Statutes and related provisions of Article 3 of Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

ARTICLE VII. MEETINGS OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least two (2) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. A minimum of two or at least fifty percent (50%) if there are more than 3 directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed in the book of records of the Association, before the action is taken. Concurrence by e-mail is deemed an adequate record of the action, only if said concurrence is later memorialized in the minutes of the next meeting of the Board of Directors.

Section 7. Committees of the Board. The Board may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a Director.

ARTICLE VIII. OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice-President, a Secretary, and a Treasurer, and such other officers as the membership may from time to time elect. The offices of Secretary and Treasurer may be held by the same person; otherwise,

no two offices may be held by the same person, with the exception for interim office-holding described in Article VIII, Section 4.

Section 2. Election and Term. The officers of the Association shall be elected by the Board of Directors. Immediately after the meeting of the members of the Association and the election of a Board of Directors at that meeting, the Board of Directors shall meet to elect officers. Only Directors may serve as officers of the Association. The officers shall be elected to one-year terms, and each officer shall hold office until his/her death, inability to serve, resignation or removal, or until the expiration of his/her term and the election of his/her successor.

Section 3. Removal. Any officer may be removed at any time with or without cause by the Board of Directors upon the affirmative vote or action of not less than two (2) of the directors.

Section 4. Vacancies. In the event of the death, inability to serve, resignation or removal of one officer, his/her successor shall be selected and appointed by the Board of Directors after the Board vacancy is filled to serve until the next Board election. If more than one Officer no longer serves, a new election shall be called according to Article VI, Section 4, and the officer vacancies filled. In the interim period of the vacancy, the remaining officers shall share the responsibilities of the vacant office.

Section 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer of the Association, or shall be required by law to be otherwise signed or executed; 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.

Section 6. Vice-President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or Board of Directors.

Section 7. Secretary. The Secretary shall: (a) keep minutes of the meetings of members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records; (d) keep a register of the post office address of each member and the e-mail address of each member who has an e-mail address which shall be furnished to the Secretary by such member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall monitor all funds and securities of the Association. The following duties shall be performed by the Treasurer or may be delegated to a professional association management company, according to the specifications of a contract with that management company : (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors, or by these Bylaws.

ARTICLE IX.
CONTRACTS, LOANS, CHECKS, AND DEPOSITS

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

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money for ordinary and usual planned expenses, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association or a professional association management company, according to the specifications of a contract with that management company. Checks, drafts or other orders for the payment of money for unbudgeted expenses over \$1000 shall be signed by any two officers of the Association. The officers of the Association have the authority to transfer funds among approved budget subaccounts. Such authority is limited to ten percent (10%) of the operating budget per budget year.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited in a timely way to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE X.
INDEMNIFICATION

Any person who at any time serves or has served as a director or officer of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitrate action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgment,

money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by these Bylaws. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of these Bylaws serves or has served as a director or officer of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of these Bylaws.

ARTICLE XI. DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to a nonprofit organization with purposes similar to those of the Association, or to any other organization eligible under the provisions of Chapter 55A of the North Carolina General Statutes.

ARTICLE XII GENERAL PROVISIONS

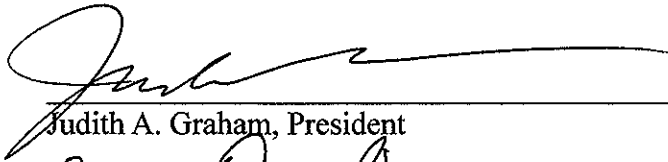
Section 1. Books of the Association. Books shall be maintained as hard copy as well as electronic copy.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

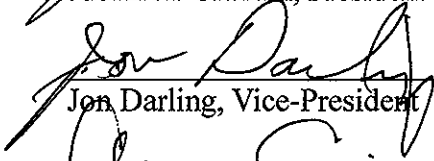
Section 3. Amendments. The members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws at any regular or special meeting of the members pursuant to the then effective Bylaws of the Association. Any such amendment shall be prepared and executed by the President or Vice President on behalf of the Association and shall be certified and entered into the record book of the Association by the Secretary of the Association.

Section 4. Definitions. Except for the terms specifically defined herein, the definitions set forth in the Declaration shall apply to the capitalized terms used in these Bylaws.

This instrument, consisting of ten (10) pages, is hereby approved, accepted and adopted by the undersigned as the Bylaws of Millcroft Homeowners Association. In witness whereof, the directors of the Association have executed this instrument, to be effective November 22, 2011.



Judith A. Graham, President



Jon Darling, Vice-President



Anne Corrigan, Secretary-Treasurer

EXHIBIT A

Being all of Lots 4060 through 4062, as shown on the plat entitled "MILLCROFT CLUSTER HOMES, CLOSE TWO", PREPARED BY Van R. Finch Land Surveys, dated September 12, 2005, and recorded in Plat Slide 2005-352, Chatham County Registry.

Being all of Lots 4051 through 4059, Fearington, Millcroft Close, by plat of survey of record at Plat Slide 2006-52, Chatham County Registry.

Being all of Lots 4063 through 4076, Fearington, Millcroft Close, by plat of survey of record at Plat Slide 2006-235, Chatham County Registry.

Being all of Lots 4077 through 4082, Fearington, Millcroft Close, by plat of survey of record at Plat Slide 2009-48, Chatham County Registry.