

BY-LAWS OF KENSINGTON VILLAGE ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is **KENSINGTON VILLAGE ASSOCIATION, INC.**, hereinafter referred to as the "**Association**." The principal office of the corporation shall be located at 2110 Cloverdale Avenue, Winston-Salem, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Forsyth, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1: "Association" shall mean and refer to **KENSINGTON VILLAGE ASSOCIATION, INC.**, A North Carolina non-profit corporation, its successors and assigns.

Section 2: "Board of Directors" shall mean and refer to the Board of Directors of the Association duly elected in accordance with its By-Laws.

Section 3: "Common Area" shall mean all real property owned and maintained by the Association for the common use and enjoyment of the Owners in Kensington Village. The Common Area also includes the area shown and referred to as Stormwater Retention Pond (the "Pond"). The Common Area may also be designated as "Village Green", "Village Park", "The Storm Water Pond", or such other areas as designated as Common Area on the recorded plat(s).

The Village Lots and Townhome Lots are not part of the Common Area, Townhome Common Area or Limited Common Area. The Common Area(s) or Townhome Common Area(s) or Limited Common Area(s) are expressly not dedicated for use by the general public but shall be conveyed by the Declarant to the Association for the common use and enjoyment of the Owners in Kensington Village as more specifically provided hereinafter in this Declaration.

Section 4: "Townhome Common Area" shall mean and refer to all real property located within the area adjacent to Townhome Lots being the front, back, side yards and alleys within the designated boundaries as shown on the recorded plat(s). The Townhome Common Area shall be limited to the use and enjoyment of the Townhome Lot owners and their guests.

Section 5: "Limited Common Area" shall mean and refer to common area immediately adjoining Townhome Lots and shall primarily be the parking pads and rear yards, court yards, special areas adjacent to Townhome Lots which may be separately fenced and maintained by the Townhome Owner. These areas may be used to the exclusion of the other Owners and may be maintained and fenced by the adjoining Townhome owner, however, all

fencing, landscaping or other improvements must be approved by the association and the Declarant, or its designee.

Section 6: "Declarant" shall mean and refer to Pennston Corp, a North Carolina corporation, its successors and assigns.

Section 7: "Village Lot" shall mean and refer to any numbered lot on which a detached single family home may be constructed and so designated upon the recorded subdivision plat(s) of the Properties.

Section 8: "Townhome Lot" shall mean and refer to any numbered lot on which an attached Townhome may be constructed and so designated upon the recorded subdivision plat(s) of the Properties.

Section 9: "Townhome" shall mean and refer to the dwelling and garage constructed on a Townhome Lot and shall be a separately numbered lot shown on a recorded plat of the subdivision. However, it shall not include exclusive use and access of the exterior of said Townhome, or the land situated around said Townhome, which shall be owned and designated as Townhome Common Area or Limited Common Area.

Section 10: "Lots" shall mean and refer to both Village Lots and Townhome Lots.

Section 11: "Owner" shall mean and refer to the record Owner (other than Declarant), whether one or more persons or entities, of a fee simple title to any Village or Townhome Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. However, the Declarant shall be considered an Owner for those Village Lots or Townhome Lots which have a dwelling thereon and which are owned by the Declarant.

Section 12: "Properties" shall mean and refer to that certain real property hereinabove described.

Section 13: "Member" shall mean and refer to every person or entity that holds membership in the Association.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1, Membership: The Declarant and every other owner of a Lot shall be Members of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the members shall be as provided by the Declaration.

Section 2, Property Rights: Each Member shall be entitled to the use and enjoyment of the Common Properties, if any, as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Properties and facilities to the members of his family, his tenants or contract purchasers who reside on the property. Such Member shall notify the

secretary of the Association in writing of the name of the delegate. The rights and privileges of such a delegate are subject to suspension to the same extent as those of the Member.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Declarant and every Owner of a Village or Townhome Lot, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Village or Townhome Lot.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots, recorded or unrecorded, as shown on Exhibit "A". There shall be two (2) classes of voting memberships:

(a) Class A. Class A Member(s) shall be (i) the Declarant, its successors or assigns, as to Lots retained by the Declarant upon the termination of Class B membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest (other than leasehold or a security interest) in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast nor shall fractional voting be allowed with respect to any Village or Townhome Lot.

(b) Class B. The Class B Member shall be the Declarant as to all Lots, either recorded or unrecorded, as shown on Exhibit "A", owned by the Declarant which have not been converted to Class A as provided in subparagraphs (1)-(3) below. The Declarant shall be entitled to three (3) votes for each recorded and unrecorded Village or Townhome Lot it owns. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier.

- (1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (2) upon ten (10) years after the date of recordation of the Declaration, or
- (3) upon the resignation of Declarant as a Class B Member.

Section 3. In the event that any Owner ceases to occupy the Townhome or home on a Village Lot as his or her personal residence, then the votes of Owners of such vacant or rental units, shall not be entitled to any weight greater than forty-nine percent (49%) on any matter pending before the Association.

ARTICLE V

MEETING OF MEMBERS

Section 1, Annual Meetings: The first annual meeting of the members shall be held within one hundred twenty (120) days of the fiscal year end of the Association.

Section 2, Special Meetings: Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes.

Section 3, Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the discretion of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association, for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4, Quorum: The presence at the meeting of members entitled to cast, or proxies entitled to cast, one-fourth (1/4) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5, Proxies: At all meetings of the members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE VI

BOARD OF DIRECTORS: SELECTION TERM OF OFFICE

Section 1, Number: The affairs of this Association shall be managed by a Board of no less than four (4) and no more than six (6) directors, with equal representation on the Board from Village Lot Owners and Townhouse Lot Owners.

Section 2, Term of Office: At the first annual meeting the members shall elect at least one director for a term of one year, at least one director for a term of two years and at least one director for a term of three years; and at each annual meeting thereafter the members shall elect directors for a term of three years.

Section 3, Removal: Any director shall be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board, and shall serve for the unexpired term of his predecessor.

Section 4, Compensation: No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5, Action Taken Without a Meeting: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1, Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2, Election: Election to the Board of Directors shall be secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

MEETING OF DIRECTORS

Section 1, Regular Meetings: Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday provided, however, if the Board shall agree to meet on such legal holiday any action taken by it shall be valid and binding.

Section 2, Special Meetings: Special Meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3, Quorum: A majority of the number of directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE IX

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 1, Powers: The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the Common Open Space and facilities, if any, 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 of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c) exercise for the Association all powers duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and
- (f) employ attorneys to represent the Association when deemed necessary.

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

- (a) cause to be kept a complete of all its acts and corporate affairs and to present a statement thereof to the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) fix the amount of the annual assessment against each Lot subject to assessment at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

- (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- (d) Issue or to cause an appropriate office 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 paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability insurance covering the Association, its directors, officers, agents and employees and to procure and maintain adequate hazard insurance on any real and personal property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the entrance landscaping, decorative lighting and Common Properties, if any, to be maintained.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1, Enumeration of Officers: 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 create.

Section 2, Election of Officers: The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

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

Section 4, Special Appointments: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5, Resignation and Removal: Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6, Vacancies: A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7, Multiple Offices: The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8, Duties: The duties of the officers are as follows:

President

- (a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

- (b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- (d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

(e)

ARTICLE XI

INDEMNIFICATIONS

The Association shall indemnify any Director or Officer or former Director or Officer of the Association against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be

adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

ARTICLE XII

COMMITTIES

The Board of Directors may appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XIV

ASSESSMENTS

As more fully provided in this Declaration, each member is obligated to pay to the Association annual, monthly and special assessments for each Lot subject to assessment 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, it shall incur a late fee charge as established by the Board of Directors and the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association 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 assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: **Kensington Village Association, Inc.**, Forsyth County, North Carolina.

ARTICLE XVI

AMENDMENTS

Section 1: These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of each class of members present in person or by proxy. Notwithstanding the foregoing, any amendments to the Association's By-Laws relating to the maintenance and ownership of the permanent storm water control structure shall not be valid without review by, and approval of, the Town of Kernersville Watershed Review Committee.

Section 2: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVII

MAINTENANCE OF STORM WATER CONTROL STRUCTURE

The Association is responsible for maintaining the completed permanent storm water control structure as directed by the Watershed Administrator for the Town of Kernersville. If the Association should be dissolved or cease to exist, then in that event, all the owners of record title to any property within the Development at the time of required maintenance shall be jointly and severally liable for any and all cost attendant thereto.

ARTICLE XVIII

MISCELLANEOUS

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

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of **Kensington Village Association, Inc.**, a North Carolina corporation; and,

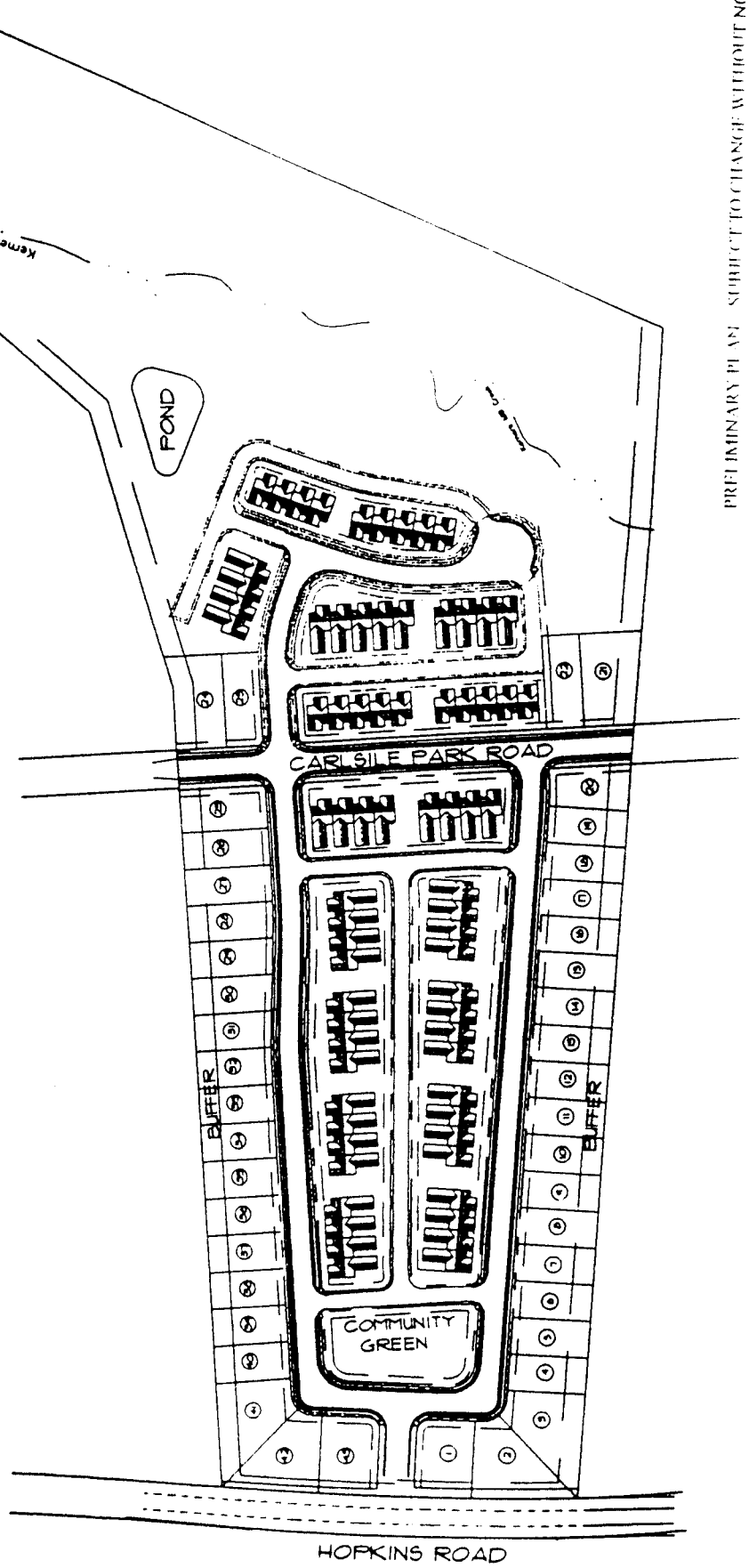
THAT the foregoing By-Laws constitute the original By-Laws of said Association as duly adopted at a meeting of the Board of Directors thereof, held on the 28th day of August, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 28th day of August, 2000.

Mary P. Hubbard
Secretary

KENSINGTON VILLAGE

EXHIBIT "A"



KENSINGTON VILLAGE ASSOCIATION INC

Officers:

President	Bruce R Hubbard
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Assistant Secretary	Jeannette H Lanier
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