

Southern Village Homeowners Association

January 9, 2008

To: Members
From: Board of Directors
Re: 2008 Annual General Meeting

The 2008 Annual Meeting of the Southern Village Homeowners Association will be held at Scroggs Elementary School Gymnasium @ 7:00 pm on Tuesday, February 12, 2008. In the event the meeting needs to be rescheduled, the alternate meeting date is scheduled @ 7:00 pm on Tuesday, February 19, 2008.

Registration of owners will be done between 6:00pm and 7:00 pm. The meeting will start promptly @ 7:00 pm. The primary purpose of the meeting is to elect two directors to the association's Board of Directors.

There will also be reports of the activities of the Board during the past 12 months.

Enclosed is a proxy for your convenience if you will be unable to attend the meeting. The governing documents for the Association call for 1/10 of the membership to be present in person or by proxy to have a quorum. It is essential to have a quorum, so please return your signed Proxy indicating to whom you are giving your voting privileges if you will not be able to attend the meeting.

If you have any questions please contact our paid manager, Berkeley Property Management at 960-2836 or send an e-mail to manager@southernvillage.org.

Please visit www.southernvillage.org for even more Southern Village News.

*Southern Village Homeowners Association
Annual General Meeting
Tuesday, February 12, 2008*

Proposed Agenda

1. Establish quorum
2. Call to order
3. Review and approve minutes of the 2/5/07 meeting
4. Introduce Berkeley Property Management, LLC
5. Elect two new directors:
 - Further nominations
 - Candidate presentations
 - Vote
6. Treasurer's report:
 - 2007 accounts
 - 2008 budget
7. Market Street events:
 - Which events should our association support?
 - Should we increase our financial contribution?
8. Other business
9. Adjourn

**Southern Village Homeowners Association
2008 Annual Meeting Proxy & Ballot**

Proxy

I/We, the undersigned member(s) of Southern Village Homeowners Association Inc., residing at _____ do hereby give my/our proxy for the February 12, 2008 Annual Meeting of the association, and any adjourned session(s) thereof, to _____ or, if unspecified to the President of the Board of Directors of the Association. The Proxy is hereby authorized to vote on any matter that may be brought before the membership.

Member/Owner (print): _____

Member/Owner (print): _____

Date: _____

Signature: _____

Signature: _____

Please submit this proxy if you will be unable to attend the meeting. If you submit your proxy and then are able to attend the meeting, your proxy will be returned to you at the meeting at your request.

Send completed form to: Southern Village Homeowners Association, c/o Berkeley Property Management, 300 Market Street, Suite 130 #21, Chapel Hill, NC 27516; Fax (919) 960-2902.

Ballot (Optional)

Election of two new directors. At the meeting members will be asked to vote on this matter. If you wish, you may express your choices by checking the appropriate item(s). Please make your selection from the following list of nominees, or write in the name(s) of your preferred candidate. Statements by the three declared candidates were mailed with this proxy. Choose or write in no more than two:

Deanna Schuerbeke

Brad Tanner

Jason Luna

or

I delegate my vote to my proxy to cast in his/her discretion.

Southern Village Homeowners Association 2008 Annual Meeting

Statements of Board Candidates

J. Jason Luna

My desire to become part of the Southern Village Homeowners Association is to simply give back to the wonderful community we have recently move into. Southern Village has much to offer and I want to be a part of preserving its vitality. Additionally, I would like to be a voice and represent the collective community for this place will all call home.

My experiences in the Financial Services Industry coupled with the years spent working with large non-profit organizations have positioned me in a place of service to others. If elected, I will work diligently, along with my wife, Marcy and daughter Katherine, to serve the board and ultimately our community, Southern Village.

Thank you for your consideration.

Deanna Schuerbeke

My family and I have enjoyed the wonderful community of Southern Village since 2000. My husband Bruce Rehlaender can be seen regularly on his bicycle and trailer doing our weekly grocery shopping up at Weaver St Market. We have 2 daughters, Jamie (10) and Sophie (6) and both are students at Scroggs Elementary.

I am interested in running for Treasurer as I feel that this is a great way for me to give back to the community. I hold an MBA and I am currently a Human Resource Director at Nortel where I manage a \$10M budget. I have also been a Finance Manager at Nortel and I was the Treasurer for the Chapel Hill Daycare Board of Directors for 3 years. I am hoping to put these skills to good use!

Brad Tanner

My Vision: Support a neighborhood that values sustainability, sociability, serenity, safety, and security. Move the HOA focus away from enhancing property values and controlling our neighbors' behaviors to creating a simpler board with lower dues, less involvement in personal behavior, and better representation.

Goal #1: A more sustainable community: I would like SV to: create and distribute a "how to decrease your impact" document to all members via PDF, convert all HOA communication to email/web based, and emphasize rain barrels and water conservation techniques.

Goal #2: Enhanced sociability: Enhance opportunities to communicate and adopt the good neighbor guide already produced. Investigate HOA ownership of the clubhouse and enhancement of it so our community has a place to call home.

Goal #3: A serene, safe, and secure environment: Eliminate gas powered leaf blowers. Further improve playgrounds and work to slow down traffic. Enhance existing neighborhood watch program.

Goal #4: Lower cost (money and inconvenience): 1) Reduce the SV HOA into the bare minimum to accomplish our obligation to the town, that is, mostly to support open spaces, green spaces, trees, and playgrounds. 2) Eliminate hindrances such as mailbox checking, and a painting pallet. 3) Limitation of the ARB to what Chapel Hill requires. 4) Stop direct payment of money to Market Street and instead form committees (with Market Street representation) to brainstorm how to get SV homeowners to utilize Market Street to a greater extent.

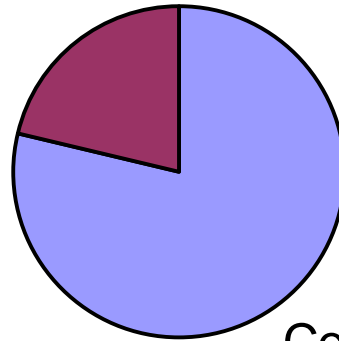
Goal #5: Better representation. 1) Spin off the town homes into their own board and their own finances [One SV HOA board member would be the president of the town home HOA]. 2) Provide a complete agenda with voting options before meetings. 3) Allow direct voting on each issue via a true absentee vote. [Currently you find someone who is going to the meeting and assume every one of their votes matches yours]. 4) Require at least a simple majority of all members to pass a resolution.

**SVHOA
2008 Budget
General Association**

	2007 Budget	2008 Budget	% Change
Revenues:			
General Assessment-All homes	164,885	163,170	-1.04%
Sub-Association Assessments	12,437	16,410	31.94%
Apartment Assessments	2,415	2,777	15.00%
Assmnt Class III Income	362	415	14.60%
Other Income	0	0	
Total revenue	180,100	182,772	1.48%
Expenses:			
Common Areas:			
Landscaping Contract	36,372	40,000	9.97%
Parks - repairs and replacements	20,000	20,000	0.00%
Street tree care contract	25,000	25,000	0.00%
Park tree care	5,000	5,000	0.00%
Pond care contract	3,627	4,350	19.93%
Maintenance - all areas	1,500	8,000	433.33%
Mulch - all areas	3,000	5,000	66.67%
Management Company contract	15,862	16,000	0.87%
Police Substation	4,500	4,500	0.00%
Southern Village Charity Events	700	700	0.00%
Market Street Events	8,050	8,050	0.00%
Electricity Expense	1,300	1,300	0.00%
Water/Sewer Expense	1,500	2,000	33.33%
Stormwater Charge	1,000	1,000	0.00%
Other	3,500	2,800	-20.00%
Total Common Area expenses	130,911	143,700	9.77%
SVHOA Administration:			
Printing & Postage	5,600	5,600	0.00%
Website	1,000	5,000	400.00%
Legal	7,500	4,000	-46.67%
Tax Returns	250	250	0.00%
Insurance	6,023	6,000	-0.37%
Taxes	1,800	500	-72.22%
Management Company Contract	15,862	16,000	0.87%
Administration-Other	1,700	1,700	0.00%
Total SVHOA Expenses	39,735	39,050	-1.72%
Total expenses	170,646	182,750	7.09%
Budgeted Surplus(Deficit)	9,454	22	

2008 SVHOA Budget General Association

Administration
21%



Common Areas
79%

SOUTHERN VILLAGE HOMEOWNERS ASSOCIATION, INC.

Minutes of the Annual General Meeting held February 5, 2007

At Mary Scroggs Elementary School Gymnasium

Present for the Board: Nancy Morton (President), Tony Smith, Bob Callanan, Jeremy Purbrick (Secretary)

With the President in the chair and a quorum established, the meeting was called to order at 7:11 PM.

1. Election of Directors

Ms. Morton explained that two directors were retiring after serving for three years and that two new directors were to be elected for a three-year term. The declared candidates prior to the meeting were Dick Lowe, Maripat Metcalfe and Bill Riggs. Ms. Morton asked if there were any further nominations from the floor. None were made.

Each of the three candidates made a presentation and answered questions from the floor, prior to the membership casting their votes by ballot.

2. Presentation of Service Awards

Mr. Smith thanked Nancy Morton and Tom Hanlon, the retiring directors, for their services to the association and presented Ms. Morton a commemorative plaque.

3. Treasurer's Report

Mr. Smith reported that the association ended 2006 with more than \$100,000 in General reserves, but with an inadequate amount in Alley reserves. He reviewed the 2007 budget and noted that the budget and all monthly financial statements were posted on the web (southernvillage.org) as soon as they were approved. As an example of the tight financial control the board exercises he explained that the Treasurer (or the President) personally approves every payment in excess of \$500. He took questions from the floor and concluded by declaring that the financials are in good order.

4. Tree Maintenance Program

Mr. Purbrick described the association's enhanced program for maintenance of the 800 street trees in its care. While the current three-year contract concludes in the Highgrove area, a new and more comprehensive three year program has begun in the Arlen Park district.

5. Revised Bylaws (attached)

Ms. Morton noted that a set of proposed bylaw revisions had been mailed to all members prior to the meeting, and that the board proposed that the revised and restated bylaws be approved as presented. In answer to a member question regarding Article III section 3 the chair stated that the board's intent in proposing deletion of the words "in the case of a special meeting" was not to limit members' ability to raise issues from the floor, but was to ensure that the main purpose of all member meetings is clearly stated in the meeting notice. She advised that any member could request that additional business be considered

by proposing an amendment to the agenda at the beginning of the meeting. Following debate and amendment it was resolved that “the revised and restated bylaws be approved as presented, except that in Article XI the word “fourteen (14)” be struck and the original word “thirty (30)” be retained”.

6. Presentation by Chapel Hill Police Department

Lieutenant Kevin Gunther spoke on traffic enforcement and community watch in Southern Village.

7. Results of Director Election

The tellers reported that a total of 356 votes were cast as follows:

Dick Lowe	135
Bill Riggs	131
Maripat Metcalfe	88
Bill Schwartz	1
George Hartmann	1

Ms. Morton declared that Mr. Lowe and Mr. Riggs were elected.

The meeting was adjourned at 9:16 PM.

BYLAWS OF SOUTHERN VILLAGE HOMEOWNERS ASSOCIATION
(as amended and restated 2/5/07)

ARTICLE I

NAME AND LOCATION

The name of the corporation is Southern Village Homeowners Association, Inc., hereinafter referred to as "Sub-Association". The principal office of the corporation shall be located at the office of its registered agent, but meetings of members and directors may be held at such places within the State of North Carolina, County of Orange, or elsewhere as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Sub-Association" shall mean and refer to Southern Village Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Master Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Sub-Association.

Section 3. "Limited Common area" shall mean all real property owned by the Sub-Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area and Limited Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any 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.

Section 6. "Master Declaration" shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the Office of the Registrar of Deeds of Orange County in Book 1271 Page 165 and as the same may be supplemented ("Supplementary Declaration") and/or amended from time to time as therein provided.

Section 7. "Member" shall mean and refer to those entities entitled to membership as provided in the Master Declaration or a Supplementary Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Sub-Association, and each subsequent regular annual meeting of the members shall be held not later than the 20th day of February of each and every year thereafter, at the hour of 7:00 p.m.

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 ten percent (10%) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days, but no more than 50 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Sub-Association. or supplied by such member to the Sub-Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Master Declaration, a Supplementary Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at a 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 members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Sub-Association shall be managed by a Board of no less than three (3) and no more than five (5) directors, who need not be members of the Sub-Association. The number of directors may be changed by amendment of these Bylaws.

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

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Sub-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 Sub-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 V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee appointed by the Board of Directors. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by 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 Master Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least six times a calendar year, at such place and hour as may be fixed from time to time by resolution of the Board. Members shall be given notice of regular meetings of the Board and shall be entitled to observe such meetings. A schedule of upcoming regular meetings posted on the Sub-Association's website shall serve as notice for this purpose.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Sub-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 or decision done or 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 VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Limited Common Area and facilities, 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 Sub-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 Sub-Association all powers, duties and authority vested in or delegated to this Sub-Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, a Supplementary Declaration, or the Master 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; and,

(e) 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 and published on the Sub-Association's website a complete record of all its meetings, acts and corporate affairs;

(b) supervise all officers, agents and employees of this Sub-Association, and to see that their duties are properly performed;

(c) fix the amount of the annual assessment against each lot on or before December 20 of each year and send written notice of each such assessment to every member subject thereto within ten (10) days;

(d) issue, or to 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 that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain adequate liability and hazard insurance on property owned by the Sub-Association, if any;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and,

(g) cause the Limited Common Area or any other areas of the property for which the Sub-Association is responsible as identified in the Master Declaration or a Supplementary Declaration to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Sub-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 the Sub-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 Sub-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:

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

(b) Vice-President: 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.

(c) Secretary: 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 Sub-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 Sub-Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The treasurer shall supervise the financial activities of the Sub-Association, which shall include monitoring receipt and deposit in appropriate bank accounts of all monies of the Sub-Association, the disbursement of such funds as directed by resolution of the Board of Directors, and the keeping of proper books of account. Additionally, the Treasurer 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 same to the members via the Sub-Association's website.

ARTICLE IX

COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purpose. Such committees shall serve at the pleasure of the Board.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Sub-Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Supplementary Declaration, Master Declaration, Articles of Incorporation, and Bylaws of the Sub-Association shall be available for inspection by any member at the principal office of the Sub-Association and shall be published on the Sub-Association's website.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Master Declaration and appropriate Supplementary Declaration, each member is obligated to pay to the Sub-Association 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, a \$20 per month late fee shall be applied to the assessment and the Sub-Association may bring an action at law against the owner personally obligated to pay the same or may 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 nonuse of the Limited Common Area or abandonment of his lot.

ARTICLE XII

CORPORATE SEAL

The Sub-Association shall have a seal in circular form having within its circumference the words: Southern Village Homeowners Association, Inc.

ARTICLE XIII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Master Declaration and these Bylaws, the Master Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Sub-Association shall begin on the first day of January and end on the 31st day of December of every year.

Recorded 2-5-07 by Jeremy Purbrick, Secretary