

BY-LAWS
OF
TOWNHOMES AT BROOKSHIRE
ARTICLE I - PLAN OF OWNERSHIP

SECTION 1. Lot Ownership. The property consists of those Lots which have been submitted to the Declaration of Covenants, Conditions and Restrictions for TOWNHOMES AT BROOKSHIRE recorded in Book of Records 2159, Page 464, Watauga County, North Carolina, Public Registry (hereinafter referred to collectively as the "Declaration").

SECTION 2. Formation of Association. Townhomes At Brookshire Property Owners Association, Inc. (hereinafter called the "Association") is a North Carolina Non-Profit Corporation which has been formed for the purpose of promoting the health, safety and welfare of persons or firms who may purchase Lots within said subdivision and more specifically for the purpose of maintaining the roads, the common areas through said subdivision in a manner consistent with timely care and upkeep.

SECTION 3. Applicability of By-Laws. The provisions of these By-Laws are applicable to all affairs of this Association and to the property of the subdivision, which shall include any property which may subsequently become subject to the Declaration. The term "property" shall include the roads and any other common area property which may be deeded to the Association and any easements, rights and appurtenances belonging to the property owners pursuant to the Declaration. All present and future owners, mortgagees, lessees and occupants of all Lots in the subdivision are subject to the Declaration, the Articles of Incorporation of this Association, these By-Laws and rules and regulations made pursuant hereto and any amendment or amendments to any of said documents made from time to time hereafter. The acceptance of a deed or the entering into of a lease or the act of occupancy of any Lot in the subdivision shall constitute an agreement that these By-Laws and any rules and regulations made pursuant hereto and the provisions of the Declaration and said Articles, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II - MEETINGS AND VOTING

SECTION 1. Place of Meetings. All meetings of this Association shall be held at the property or at such other place either within the State of North Carolina, as shall be determined by the Board of Directors of this Association (hereinafter called the "Board").

SECTION 2. Initial Meeting. The initial meeting of this Association shall be held no later than December 31, 2021. The initial meeting shall be held for the purpose of reviewing and approving these Bylaws and to adopt the budget of the Association submitted by the Board of Directors.

SECTION 3. Annual Meetings. Annual meetings of this Association shall be held at such times and places as may be designated by the Board and specified in the notice of such meeting, for the purpose of electing members of the Board and for transaction of such other business as may be properly brought before the meeting.

SECTION 4. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated, a substitute annual meeting may be called in accordance with the provisions of SECTION 5 of this Article. A meeting so called shall be designated for all purposes as the annual meeting.

SECTION 5. Special Meeting. After the organizational meeting, special meetings of this Association may be called at any time by the Board or upon the written consent of Lot Owners owning in the aggregate no less than 50% of the Lots conveyed by the developer to third parties in The Townhomes at Brookshire.

SECTION 6. Notice of Meetings. Written notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) days nor more than sixty (60) days before the date thereof, to each person entitled to vote at such meeting. In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat. In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

SECTION 7. Quorum. The presence in person or by proxy at any meeting of the voting members (as defined in SECTION 8 of this Article) having a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of this Association at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting. If there is no quorum at the opening of the meeting, such meeting may be adjourned from time to time by the vote of a majority of the voting members present, either in person or by proxy; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting. The voting members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting members to leave less than a quorum.

SECTION 8. Voting Rights. There shall be one person with respect to each Lot in the Subdivision who shall be entitled to vote at any meeting of the Association. Such person shall be known and hereafter referred to as a "voting member." Such voting member may be the owner or one or more of the group composed of all of the owners of a Lot, or may be some other person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the owner or owners.

Subject to the requirements set forth in Section 7, above, members authorized to vote for election of the Board of Directors may vote to do so in person, by proxy, or by absentee ballot. In addition, other matters coming before the membership for a vote may also be by absentee ballot if deemed appropriate by the Board of Directors.

With respect to those matters to be voted upon by absentee ballot, a member eligible to vote who elects to vote by absentee ballot will submit his/her ballot in a sealed envelope to the Secretary of the Association who will verify the eligibility of the member to vote. The Secretary will then submit the envelope containing the ballot to the tellers. The tellers will tabulate the votes and report the results to the Secretary. To be valid, absentee ballots must be in the hands of the Secretary at least 48 hours prior to the time of the membership meeting. The Secretary shall report at the meeting the number of absentee ballots received both valid and invalid.

SECTION 9. Waiver of Notice. Any Lot Owner at any time may waive notice of any meeting of this Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Lot Owner at any meeting of this Association shall constitute a waiver of notice by him of the time and place thereof, except where a Lot Owner attends a meeting and indicates immediately upon the meeting's being called to order that his sole purpose of attending is to object to the transaction of business because the meeting has not been lawfully called.

SECTION 10. Informal Action by Lot Owners. Any action which may be taken at a meeting of this Association, except removal of a member of the Board, may be taken without a meeting by written approval, signed by voting members having the voting power required to pass such action at a meeting. Such approval shall be filed with the Secretary of this Association and kept in the Minute Book of this Association.

ARTICLE III - BOARD OF DIRECTORS

Section 3.1 NUMBER. The business and property of the Association shall be managed and directed by a Board of Directors composed of no more than five (5) natural persons and no less than three (3) natural persons.

Section 3.2 INITIAL DIRECTORS. Pursuant to Article III, Section 3 of the Declaration, the Declarant shall appoint the initial Directors, and the Declarant shall have the right to appoint or remove any member of the Board of Directors until such time as the first of the following events occurs:

- (a) The expiration of twenty-five (25) full years after recordation of the Declaration, or
- (b) The date as of which Declarant voluntarily terminates the Declarant Control Period.

The initial Directors shall be Rick Miller, Bryan Pitts and Patrick Morgan.

Section 3.3 ELECTION, TERM AND QUALIFICATION. Upon expiration of Declarant Control Period, the members shall hold a meeting for the purpose of electing a

permanent Board of Directors. At this first annual meeting, those persons who received the first and second highest number of votes (whether or not a majority or a Plurality) shall serve a term of two (2) years from the date of election, and the other _____ () members shall serve a term of one (1) year. Thereafter, the terms of elected directors shall be staggered, with those persons who receive the first and second highest number of votes serving two (2) year terms and the other elected Directors serving one (1) year terms. Each Director shall hold office for their designated term or until death, resignation, retirement, removal, disqualification or his successor is elected and qualifies.

- Section 3.4 REMOVAL. A director may be removed, with or without cause, by a vote of the members entitled to cast at least sixty-six and two-thirds percent (66-2/3%) of the total votes in the Association, at a special meeting called for such purpose, and a successor may then be elected by the members to serve for the balance of the removed Director's term.
- Section 3.5 VACANCIES. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office.
- Section 3.6 REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph, at least seventy-two (72) hours prior to the meeting.
- Section 3.7 SPECIAL MEETINGS. Special meetings of the board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after written request therefor signed by two (2) Directors is delivered to any other director or the President or the Secretary. Not less than seventy-two (72) hours' notice of such special meeting shall be given personally or by mail, telephone, or telegraph to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.
- Section 3.8 QUORUM; ADJOURNMENT IF NO QUORUM. A majority of the Board at the beginning of the meeting shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting may be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.
- Section 3.9 MANNER OF ACTING. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the

Board unless the act of a greater number is required by the provisions of applicable law, the Declaration of these Bylaws.

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting to the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 3.10 BOARD ACTION WITHOUT MEETING. Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is authorized in a writing, setting forth the action taken, signed by all Directors, with such written consent filed with the minutes for the proceeding of the Board.

Section 3.11 COMPENSATION. The Board of Directors shall receive no compensation for their services unless expressly allowed by the Board at the direction of the Lot Owners having sixty-six and two-thirds percent (66-2/3%) of the total votes entitled to vote at an election of Directors.

Section 3.12 POWERS AND DUTIES OF BOARD. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, applicable statutes, the Planned Community Act, the Declaration, the Articles, and these Bylaws, as any thereof may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, the Articles, and these Bylaws, and shall include, but not be limited to the powers of the Association which are set forth in the Declaration.

Section 3.13 LIABILITY OF THE BOARD. The members of the Board of Directors shall not be liable to the Lot Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Lot Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Act, Declaration of these Bylaws.

It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Lot Owner(s). It is also intended that the liability of any Lot Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Lot Owners in the Common Elements. Every agreement made by the Board on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent, as the case may be, are acting only as agents for the Lot Owners and shall have no personal liability thereunder (except as Lot Owners), and that each Lot Owner's liability thereunder

shall be limited to such proportion of the total liability as his interest in the Common Elements bears to the interest of all Lot Owners in the Common Elements.

ARTICLE IV - MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held immediately after, and at the same place as the Annual Meeting or substitute annual meeting of this Association. In addition, the Board may provide by resolution the time and place for the holding of a regular meeting of the Board, which meeting shall be held in Watauga County, North Carolina.

SECTION 2. Special Meetings. Special meetings of the Board may be called by or with the request of the President or by a majority of the Directors. Such meetings shall be held in Watauga County, North Carolina.

SECTION 3. Notice of Meetings. Regular meetings of the Board may be held without notice. The person or persons calling a special meeting of the Board shall, at least two 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 4. Waiver of Notice. Any member of the Board may at any time waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof, except where a director attends the meeting and announces immediately upon the meeting's being called to order that he is attending for the sole purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the members of the Board are present at any meeting of the Board, and no objection is made, no notice shall be required and any business may be transacted at such meeting.

SECTION 5. Quorum. A majority of the number of Directors fixed by these By-Laws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board.

SECTION 6. Manner of Acting. Except as otherwise provided in this Section, 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.

SECTION 7. Organization. Each meeting of the Board shall be presided over by the President of the Board, and in the absence of the President, by any person selected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and the Assistant Secretary any person designated by the Chairman of the meetings, shall act as Secretary of the meeting.

SECTION 8. Informal Action of 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 of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

SECTION 9. Minutes. The Board shall keep minutes of its proceedings.

SECTION 10. Liability of the Board. The members of the Board shall not be liable to the Lot Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Lot Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or knowingly contrary to the provisions of the Declaration or these By-Laws. Said indemnity obligation, and all costs reasonably incurred in enforcing it, including reasonable attorneys' fees, shall be secured by a lien in favor of the Board and each of its members individually identical to that provided in connection with the annual assessed fees. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent they are Lot Owner(s). It is also intended that the liability of any Lot Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his part of the annual assessed fees bears to the total annual assessed fees of all of the Lot Owners. Every agreement made by the Board or by the managing agent on behalf of the Association shall provide that the members of the Board, or the managing agent, as the case may be, are acting only as agents for the Lot Owners and shall have no personal liability thereunder (except as Lot Owners), and that each Lot Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his part of the annual assessed fees bears to the total annual assessed fees of all Lot Owners.

ARTICLE V - OFFICERS

SECTION 1. Number. The principal officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board may from time to time elect. Any two or more offices may be held by the same person except the offices of President and Secretary.

SECTION 2. Election and Term. The officers of the Association shall be elected by and from among the Board. Such elections may be held at the regular annual meeting of the Board.

Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board may be removed by the Board with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. Compensation. No officer shall receive any compensation from the Association for acting as such.

SECTION 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and control the management of the

Association. The President shall when present preside at all meetings of the Board and of this Association and shall, in general, perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board.

SECTION 6. Vice President. The Vice President and if there be more than one, the Vice Presidents designated by the Board shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President.

SECTION 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of this Association and its Directors. He shall give, or cause to be given, all notices required by law and by these By-Laws. He shall have general charge of the minute books and records of both this Association and the Board. He shall sign such instruments as may require his signature, and shall, in general, perform all duties incident to the Office of the Secretary and such other duties as may be assigned him from time to time by the President or by the Board.

SECTION 8. Treasurer. The Treasurer shall have custody of all Association funds and securities and shall receive, deposit or disburse the same under the direction of the Board. He shall keep full and accurate accounts of the finances of the Association and shall prepare a statement of the Association's assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, to be prepared and distributed to all Lot Owners and members of the Board on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Lot Owner for a period of three (3) years. The Treasurer shall also file all reports and returns required by Federal, State or local law and shall generally perform all other duties as may be assigned to him from time to time by the President or the Board.

SECTION 9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary or the Treasurer, respectively, have all of the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President.

ARTICLE VI - COMMON CHARGES

As more fully described in the Declaration, each member is obligated to pay to the Board annual and special assessments which are secured by a lien upon the Lot or Lots owned by said member. Any assessments not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, the assessments shall bear interest from the date of delinquency at the highest rate of interest allowed by North Carolina law, and in no case less than seven percent (7%) per annum, and the Board may bring an action at law against the Lot Owner personally obligated to pay the same or foreclose the lien against the property, and interest, and costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessments. No Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

ARTICLE VII - RECORDS, AUDITS, REPORTS AND NOTICES


The Board shall keep detailed records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Membership, and financial records and books of account of the Association. Any decisions made by the Board affecting Lot Owners shall be published for the benefit of all Lot Owners.

ARTICLE VIII - AMENDMENT

These By-Laws may be amended by the affirmative vote of the owners representing 2/3 of the ownership of Lots in the subdivision. All Lot Owners shall be bound to abide by any amendment upon the same being passed.

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


IN WITNESS WHEREOF, we, being all of the initial Directors of TOWNHOMES AT BROOKSHIRE PROPERTY OWNERS ASSOCIATION, INC., a North Carolina Corporation, have hereunto set our hands, this 18th day of January, 2021.



Rick Miller



Bryan Pitts



Patrick Morgan

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting _____ Secretary of TOWNHOMES AT BROOKSHIRE PROPERTY OWNERS 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 initial Board of Directors thereof, held on the 19th day of January, 2021.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 19th day of January, 2021.



Secretary