

BY-LAWS  
OF  
SUNSET LAKES HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

MEMBERSHIP

1. Every person or entity who is a record owner of a fee or undivided fee interest in any lot in Sunset Lakes Subdivision may become a member of the Association. Membership shall be appurtenant to and may not be separate from ownership of any lot and shall be transferred automatically when the owner conveys, devises, gives or otherwise transfers his lot, even though such conveyance, devise or gift does not make mention of the membership rights of the Association. Membership in the association shall be confined to owners of lots in Sunset Lakes Subdivision. Membership shall not apply to those persons or entities who hold an interest in any lot merely as security for the performance of an obligation to pay money.

2. The rights of members are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessment is imposed against each owner of, and becomes a lien upon, each lot against which such assessments are made.

3. All rights and privileges of membership, including the right to vote in any Association election are subject to suspension by the Board of Directors during any period of time in which a member is in default in the payment of any assessment or other obligation to the Association, or is found by the Board of Directors to be engaged in a continuing violation of the Association's rules and regulations.

ARTICLE II

MEETINGS

1. Annual Meeting. The first Annual Meeting of the members shall be held within one year from the date of the recording of the Charter, at a time and place to be designated by the President. Thereafter, the Annual Meetings shall be held on \_\_\_\_\_ of each year at 8:00 P.M. in the principal office of the Association.

2. Special Meetings. Special Meetings of the members may be called by the President, the Board of Directors, or, subsequent to the first annual meeting, upon the written request of Association members holding not less than twenty per cent (20%) of the votes. Business to be acted upon at all Special Meetings shall be confined to the objects stated in the notice of such meeting.

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

4. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than ten (10) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each member of the Association at his address as shown on the records of the Association. A member may, in a writing signed by him, waive notice of any meeting before or after the date of the meeting stated therein. Notice given to any one tenant in common or tenant by entire lot shall be deemed notice to all co-owners of the subject lot.

5. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Association members at any meeting shall be as follows: At the first meeting called for the purpose of taking some action, the presence in person or by proxy of members entitled to cast 33% of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and any number of members attending such subsequent meeting, so long as such number represents at least ten per cent (10%) of all the outstanding votes, shall constitute a quorum. Such subsequent meeting shall not be held more than six (6) months following the preceeding meeting.

6. Proxies. Members may vote either in person or by agents duly authorized by written proxy executed by the subject member. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting. Any proxy shall automatically cease upon sale by the member of his property interest. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. To be effective, all proxies must be filed with the Secretary or his authorized agent either during or prior to the meeting in question.

7. Voting Rights and Classes of Membership. The voting rights of the membership shall be appurtenant to the ownership of the lot. Members shall be all owners of lots and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

8. Majority Vote. The casting of a majority of the votes voting on a matter at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a higher percentage vote is required by the Association's Articles of Incorporation, these By-Laws, or the law of North Carolina.

9. Actions Without Meeting. Any action which may be taken at a meeting or the Association's membership may be taken without a meeting if written consent or notification, specifying the action so taken or to be taken shall be signed by a majority of the members entitled to vote upon such action and such consent is filed with the Secretary of the Association and placed in the minute book of the Association.

### ARTICLE III

#### BOARD OF DIRECTORS

1. General Powers. The business and affairs of the Association shall be managed by the Board of Directors or by such committees as the Board may establish pursuant to Article VI, of these By-Laws.

2. Number and Qualification. The initial Board of Directors shall consist of the three (3) individuals whose names are set forth in the Articles of Incorporation. From and after the date of the first Annual Membership Meeting, there shall be five (5) or more Directors. The initial Board shall serve until their successors are elected at the first Annual Membership meeting. Each Director shall be at least twenty-one (21) years of age. Any qualified Director may be re-elected in office. Each Director shall hold office until his successor is elected and qualified, or until his death, resignation, retirement, removal or disqualification. All Directors must be members of the Association.

3. Term of Office. At the first annual meeting, the members shall elect three (3) directors for a term of one year, one (1) director for a term of two years, and one (1) director for a term of three years; and at each annual meeting thereafter the members shall elect whatever number of directors is needed to raise the total number to five (5). All directors elected after the first annual meeting shall serve three (3) year terms.

4. Nomination of Directors. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be



de 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.

5. Election of Directors. 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 these By-Laws. The persons receiving the greatest number of votes shall be elected; provided that at the first annual meeting, the nominee with the greatest number of the votes shall serve for three (3) years; the nominee with the second greatest number of votes shall serve for two years, and the three nominees with the largest number of votes behind the second place finisher shall serve for one year. Cumulative voting shall not be permitted in the election of directors.

6. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association at any Special Meeting of the Membership. Provided, the notice of the meeting must state that the question of such removal, will be acted upon at the subject meeting. If any Directors are so removed, their successors as Directors may be elected by the Membership at the same meeting to fill the unexpired terms of the Directors so removed.

7. Vacancies. A vacancy occurring in the Board may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director; however, a vacancy created by an increase in the authorized number of Directors shall be filled only by election at the annual Meeting, or at a Special Meeting of Members called for that purpose, or by unanimous consent of the Members without meeting. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

8. Chairman. There shall be a Chairman of the Board elected by the Directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board and perform such other duties as may be directed by the Board. In the absence of the Chairman, the President shall preside at all meetings of the Board.

9. Compensation. No Member of the Board shall receive any compensation from the Association for acting as such; provided, however, each Director, by resolution of the Board, shall be reimbursed for reasonable out-of-pocket expenses actually incurred and paid by him on behalf of the Association. Each Director, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation; but nothing herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

10. Loans to Directors and Officers. No loans shall be made by the Association to its Directors or Officers.

11. Liability of Directors. To the extent permitted by the provisions of the North Carolina Non-Profit Corporation Act in effect at the applicable time, each Director shall be indemnified by the Association with respect to any liability and expenses of litigation arising out of his lawful activities within the scope of his duties as a Director. Such indemnity shall be subject to approval by the Members only when such approval is required by such Act.

#### ARTICLE IV

##### MEETINGS OF DIRECTORS

1. Regular Meetings. Regular Meetings of the Board of Directors may be held at any place or places within Brunswick County, North Carolina on such days and at such hours as the Board of Directors may, by resolution, appoint.

2. No Notice of Regular Meeting. No notice of any regular meeting of the Board of Directors shall be required to be given.

3. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman, the President, or by any two members of the Board and may be held at such time, and at any place within Brunswick County, North Carolina, as is designated in the notice.

4. Notice of Special Meetings. Notice of each special meeting of the Board of Directors, stating the time, place and purpose or purposes thereof, shall be given by or on behalf of the President or by or on behalf of the Secretary or by or on behalf of any two members of the Board to each member of the Board not less than three (3) days by mail or one (1) day by telephone or telegraph. Special meetings of the Board may also be held at any place and time without notice by unanimous waiver of notice by all the Directors.

5. Quorum. A majority of the Directors then holding office shall constitute a quorum for the transaction of business and 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 or decision of the Board.

6. Action without Meeting. Any action required or permitted by law to be taken at a meeting of directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of the directors, which consent shall be filed with the Secretary of the Association as part of the corporate records.

#### ARTICLE V

##### POWERS AND DUTIES OF BOARD OF DIRECTORS

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

(a) Adopt and publish rules and regulations governing the use of the common areas, to include streets and alleys, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association;

(c) Own, acquire, operate, maintain and add to recreational structures and facilities, and personal property incident thereto, located within the common areas;

(d) Supplement municipal services;

(e) Purchase lots at foreclosure or other judicial sales in the name of the Association or its designee;

(f) Bring an action at law against any lot owner in default in the payment of assessments, and to foreclose the lien against the lot subject to the unpaid assessment;

(g) Employ a manager, an independent contractor, or such other employees deemed necessary, and to prescribe their duties and the terms of their employment;

(h) To the extent provided by law the Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions;

(i) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws or the Articles of Incorporation.

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

(a) cause to be kept a complete record of all its acts and associa-



ion affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by a one-fourth (1/4) vote of the members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) To:

(1) Determine the funds required for the operation, administration, maintenance, and other affairs of the Association;

(2) Fix the amounts for all assessments;

(3) Send written notice of all assessments to every owner subject thereto, provided that notice of the annual assessment shall be sent at least thirty (30) days before the due date;

(4) At any time such action is deemed appropriate, foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same.

(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 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 or leased by the Association and insurance for the officers and directors of the Association;

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

(g) Cause the common areas to be maintained or improved.

(h) At such time as is deemed appropriate, enforce any and all restrictions, covenants, and agreements applicable to the common areas;

(i) Pay any taxes imposed upon the common areas;

(j) Do any other act permitted by law and these By-Laws that, in the opinion of the Board of Directors, will promote the interest and welfare of the Association's members.

#### ARTICLE VI

##### COMMITTEES

1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, each to which shall consist of two or more directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger or consolidation of the Association; the sale, lease or exchange of all or substantially all of the property of the Association; (b) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; and (c) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

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

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

4. Vacancy. Any vacancy occurring on a committee shall be filled by a majority of the number of Directors then holding office at a regular or special meeting of the Board.

5. Removal. Any member of a committee may be removed at any time with proceedings and report the same to the Board when required.

6. Minutes. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

## ARTICLE VII

### OFFICERS

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

2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

3. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time after 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.

4. 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 1 of this Article.

5. Duties. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. In the absence of an elected Chairman, he shall preside also at all meetings of the Board. He shall see that the orders and resolutions of the Board are carried out; shall sign in behalf of the Association all written instruments regarding the community property and all promissory notes of the Association, if any. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these By-Laws.

(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 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.



(d) Treasurer. 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) Assistant Secretaries and Treasurers. The assistant secretaries and treasurers shall, in the absence or disability of the secretary or the treasurer, respectively, perform the duties and exercise the powers of those offices, 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, or by the Board.

#### ARTICLE VIII

##### ASSESSMENTS

Each member is obligated to pay to the 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, the assessment shall, unless waived by the Board of Directors, bear interest from the date of delinquency at the rate set by the Board, and the Association may bring an action by law against the Owner personally obligated to pay the same or foreclose the lien against the property; 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 areas or abandonment of his property interest.

#### ARTICLE IX

##### 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 Articles of Incorporation and the By-Laws of the Association and all rules and regulations promulgated by the Board of Directors shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

#### ARTICLE X

##### GENERAL PROVISIONS

1. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with North Carolina law of these By-Laws.

2. Fidelity Bonds. The Board of Directors may require that all employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

3. Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law and these By-Laws, the provisions of North Carolina law shall prevail.

4. Amendments. These By-Laws may be supplemented or amended, at a regular or special meeting of the members, by a vote of a majority of members present in person or by proxy, provided that the notice to the members of the meeting disclosed the information that the amendment of the By-Laws was to be considered; provided, however, the provisions which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law.