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TO BE  
RECORDED

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DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
SEDGEFIELD GATE TOWNHOUSES

19508

THIS DECLARATION, made on the date hereinafter set forth by Sedgefield Forest Venture, a North Carolina general partnership, hereinafter referred to as "Declarant."

W I T N E S S E T H :

555-15-9112 #00035.50 0  
555-15-9112 #00001.00 1

WHEREAS, Declarant is the owner of certain property in Jamestown Township, County of Guilford, State of North Carolina, which is more particularly described as:

BEGINNING at an existing iron pipe located in the northern margin of High Point Road, the same being located at Bates' southeast corner; thence with the northern right of way line of High Point Road the following courses and distances: South 85 degrees 08 minutes 50 seconds West, 199.45 feet to a point and South 86 degrees 13 minutes 45 seconds West, 100.73 feet to a point in R.E. Branard's southeast corner, thence with Branard's line North 13 degrees 59 minutes 30 seconds West, 309.40 feet to a point; thence with Branard and Tester, South 77 degrees 47 minutes 45 seconds West, 198.93 feet to a point in H.L. Purcell's line, thence with H.L. Purcell, North 14 degrees 24 minutes 40 seconds West, 298.22 feet to a point; thence a new line North 51 degrees 38 minutes 50 East, 164.74 feet; thence South 53 degrees 56 minutes 50 seconds East, 211.57 feet; thence North 77 degrees 14 minutes 00 seconds East, 229.98 feet to a point, a common corner with Pilot Life Insurance Co and Bates; thence with Bates west line, South 12 degrees 02 minutes 40 seconds East 555.58 feet to the point and place of BEGINNING and containing 5.35 acres more or less according to a survey prepared by Evans Engineering Inc. entitled Sedgefield Gate dated July 12, 1982.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I  
DEFINITIONS

Section 1. "Association" shall mean and refer to Sedgefield Gate Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a 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 3. "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All that tract or parcel of land lying and being in Jamestown Township, Guilford County, North Carolina and being more particularly described as all that area designated "Common Area" on the plat of subdivision for Sedgefield Gate Townhouses, Section 1 a plat of which is recorded in Plat Book \_\_\_\_\_ at page \_\_\_\_\_ in the office of the Register of Deeds of Guilford County, North Carolina.

Sedgefield Gate Townhouses are to be developed in two or more phases. It is intended that the Common Area of additional phases

shall be conveyed, at the time of conveyance of the first lot in each such subsequent phase, to the Association and shall thereafter comprise Common Area for the common use and enjoyment of all the owners of the respective phases of Sedgefield Gate Townhouses.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and dedicated streets.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Declarant" shall mean and refer to Sedgefield Forest Venture, a partnership, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purposes of development.

Section 8. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

## ARTICLE II PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by at least two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded;

(b) The right of the Association to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(c) The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking Rights. Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near as and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign one (1) vehicle parking space for each Living Unit on a Townhouse Lot.

### ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership.

Class A. Class A Member shall be (i) the Declarant, its successors or assigns, as to Living Units once rented or leased by it to single-family occupants and as to Lots retained by it 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 (1) person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on such Lot shall be exercised as they among themselves determine, but in no

event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member (s) shall be the Declarant (except as to Lots owned by the Declarant and once rented or leased to single-family occupants) and shall be entitled to four(4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) On October 1, 1987.

ARTICLE IV  
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien of Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata shares of assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fee becomes due. The personal obligation for the

delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular may be used for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of homes situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31, of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$720.00 per Living Unit on each lot.

(a) The maximum annual assessment for the calendar year immediately following the year of the conveyance of the first Lot to an Owner, and for each calendar year thereafter shall be established by the Board of Directors, and such maximum annual assessment may be increased by the Board of Directors for any calendar year by an amount not to exceed five per cent (5%) of the maximum annual assessment for the previous year. Such an increase may be made without approval by the membership.

(b) The maximum annual assessment for the calendar year immediately following the year of the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of

Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 4. Payable Annual Assessment. The Board of Directors shall fix the payable annual assessment at an amount not in excess of the maximum annual assessment, subject to the provisions of Section 7 and 8 of this Article.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of more than sixty (60) days following the preceding meeting.

Section 6. Rate of Annual Assessment.

(a) With the exception set forth in subsection (b) of this Section 7, annual assessments must be fixed at a uniform rate for all Townhouse Lots and shall be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (1) such sums as are expended by the Association for development, improvement, maintenance and upkeep of recreational facilities of the Association.

(b) From and after January 1, 1983, the annual assessment for each Living Unit on any Townhouse Lot owned by Declarant and unoccupied as a residence shall be an amount not less than twenty-five percent (25%), nor more than fifty percent (50%), of the regular assessment for all other Townhouse Lots.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence for each Townhouse Lot conveyed by the Declarant to an Owner on the first day of the month following the conveyance of such Lot. The first annual

assessment shall be adjusted according to the number of months remaining in the calendar year. After January 1, 1983, the annual assessments for Townhouse Lots shall be in the amount fixed in accordance with the provisions of Section 7(b) hereof.

At least thirty (30) days in advance of each annual assessment, the Board of Directors shall affix the amount of the annual assessment against each Townhouse Lot and shall send written notice of each assessment to every Owner subject thereto. The due date shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum. 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 such action or foreclosure shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Effect in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Association in the payment of governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing



lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 10. Subordination of the Lien to Mortgage. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any proceedings in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

#### ARTICLE V ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition or change or alteration in any Townhouse Lot be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its

designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval shall be deemed denied.

#### ARTICLE VI PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties place on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rules of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this

Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII  
EXTERIOR MAINTENANCE

Section 1. Types of Maintenance. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Living Unit on each Townhouse Lot, except exterior patios, which is subject to assessment hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces or screens for windows or doors. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

Section 2. Costs Subject to Assessments. In the event that they need for maintenance, repair, or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or tenants, or is caused by fire, lightning, windstorm, hail, explosion, riot attending a strike, civil commotion, aircrafts, vehicles, and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE VIII  
USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted having a ground area of the main structure, exclusive of one-story open porches, of less than 1200 square feet for a onestory dwelling nor a ground area of less than 750 square feet for a dwelling of more than one story.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 5. Outside Antennas. No outside radio or television antennas shall be erected on any Townhouse Lot.

Section 6. Boats and Trailers. No boat, trailer, camper, motor home, house trailer, boat trailer, or similar recreational type vehicle used for temporary home ownership, shall be parked or kept on the Common Areas, including the parking area, without the prior written consent of the Board of Directors.

#### ARTICLE IX EASEMENTS

Section 1. Utilities. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Unintentional Encroachments. In the event that any Living Unit on a Townhouse Lot shall encroach upon any Common Area or upon any other Townhouse Lot for any reason not caused by the purposeful or negligent act of the Living Unit Owner or agents of such Owner, then an easement appurtenant to such Living Unit shall exist for the continuance of such encroachment upon the Common Area or other Townhouse Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Area shall encroach upon any Townhouse Lot,

then an easement shall exist for the continuance of such encroachment of the Common Area into any such Townhouse Lot for so long as such encroachment shall naturally exist.

Section 3. Reservation of Easement. The Declarant reserves, for itself, its successors or assigns, the right and easement of ingress, egress and regress over and through the Common Area for the purpose of constructing additional townhouse units upon that land presently owned by Declarant contiguous with Common Area herein described immediately to the north thereof, and thereafter for its successors and assigns to use for access to said townhouse units. Upon completion of construction of said townhouse units and recordation of the plat, the Declarant, its successors or assigns, shall convey the Common Area to the Homeowners Association and the owners of the townhouse lots therein developed shall become members of the Homeowners Association, Sedgefield Gate Association, Inc., with all rights appertinent thereto. Further, Declarant reserves for itself, its successors or assigns, the right of access of and through the Common Area herein described for the purposes of access to all public utilities, including but not limited to electric power, water and sanitary sewer and Cablevision for the use and benefit of the townhouses to be constructed upon Declarant's real property contiguous to the North of the Common Area.

#### ARTICLE X GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidity of any one of the covenants or restrictions by judgement or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this the 28<sup>th</sup> day of July, 1982.

PHILLIPS/WEIGEL & CO.  
A Partnership

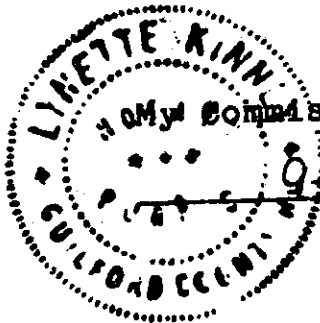
BY: John T. Weigel Jr. (SEAL)  
John T. Weigel Jr., Partner

STATE OF NORTH CAROLINA  
COUNTY OF GUILFORD

I, Lynette Kinney, a Notary Public, do hereby certify that John T. Weigel, Jr. personally came before me this day and acknowledged the due execution of the foregoing Declaration by him on behalf of Sedgefield Forest Venture, a General Partnership existing under the laws of the State of North Carolina as a General Partner of Phillips/Weigel & Co., also a North Carolina General Partnership.

Witness my hand and official seal, the 28<sup>th</sup> day of July, 1982.

Lynette Kinney  
Notary Public



My Commission Expires: 8-16-84

RECORDED  
KAY F. PATSEAVOURAS  
REGISTER OF DEEDS  
GUILFORD COUNTY, N.C.

3234 PAGE 769 SEP 15, 1982 2:22 pm

NORTH CAROLINA - GUILFORD  
The foregoing certificate(s) of

Lynette Kinney  
A Notary (Notaries) Public is  
(are) certified to be correct.

SEP 15 1982

This  
Kay F. Patseavouras, Register of Deeds  
Patricia Summers  
Deputy, Register of Deeds

BY-LAWS  
OF  
SEDGEFIELD GATE ASSOCIATION, INC.

ARTICLE I  
NAME AND LOCATION

The name of the corporation is Sedgefield Gate Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at Greensboro, Guilford County, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Guilford, as may be designated by the Board of Directors.

ARTICLE II  
DEFINITIONS

Section 1. "Association" shall mean and refer to Sedgefield Gate Association, Inc., its successors and assigns.

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

Section 3. "Common Area" shall mean all real property owned by the Association for the common use of enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets. "Townhouse Lots" are those upon which are constructed or are designed for construction thereon of townhouses.

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 party of the Properties, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 7. "Declarant" shall mean and refer to Sedgefield Forest Venture, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

Section 9. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III of these By-Laws.

Section 10. "Invitee-User" shall mean and refer to any person who is not a Member of the Association as defined in Article

I, Section 6 and Article III, Section 1 of the Declaration who becomes entitled to the use of the common facilities by paying a separate charge on each occasion that he uses the common facilities.

### ARTICLE III MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to a lien for assessments shall be a Member 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 facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area 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 right and privileges of such delegates are subject to suspension to the same extent as those of the Member.

### ARTICLE IV MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held between June 1, 1983 and June 30, 1983 and each subsequently annual meeting of the Members shall be held between June 1, and June 30, of each year thereafter, at the hour of 10:00 o'clock a.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 one-fourth (1/4) of all the votes of the Class A 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 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 of proxies entitled to cast, one-tenth (1/10) 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 Declarations, 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 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 V

##### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than six (6) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, and at each annual meeting thereafter, the Members shall elect six (6) directors who shall each serve for a term of one (1) year or until their respective successors are properly chosen.

Section 3. Removal. Any director may 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 VI

##### 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 to serve 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 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 Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, or at such other periodic intervals as may be established by the Board of Directors from time to time, 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.

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 thirty (3) days' notice to each director.

#### ARTICLE VIII 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 Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereon.

(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, dues or charges 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 record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A 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 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 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 insurance covering the Association, its directors, officers, agents and employees and to procure and maintain adequate hazard insurance on the 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 Common Area to be maintained; and

(h) cause the exterior of dwellings on Patio Home Lots to be maintained.

#### ARTICLE IX OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the 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 Appointment. 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 by giving written notice to the Board, the president or 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 instead 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 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 re-

solution 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 certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditure to be represented to the membership at its regular annual meeting and deliver a copy of each to the Members.

#### ARTICLE X COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and 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 XI 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 reasonable cost.

#### ARTICLE XII ASSESSMENTS

As more fully provided in the Declaration, 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 bear interest from the date of delinquency at the rate of Six percent (6%) 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 assessments. 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 XIII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Sedgefield Gate Association, Inc. - Seal.

ARTICLE XIV  
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 Members present in person or by proxy.

Section 2. In the case of any 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.

ARTICLE XV  
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.

IN WITNESS WHEREOF, we, being all of the directors of the Sedgfield Gate Association, Inc., have hereunto set our hands this 16 day of Aug., 1982.

John T. Weigel Jr. (SEAL)

Cynthia H. Phillips (SEAL)

James R. Phillips (SEAL)

STATE OF NORTH CAROLINA  
COUNTY OF GUILFORD

I, the undersigned, a Notary Public, do hereby certify that John T. Weigel Jr., Cynthia H. Phillips and James R. Phillips appeared before me this day and acknowledged the execution of the foregoing By-Laws.

WITNESS my hand and official seal, this 16<sup>th</sup> day of August, 1982.

Lynette K. Kinsley  
Notary Public

