

**BYLAWS  
OF  
SOUTHERN GATES TOWNHOMES HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is **Southern Gates Townhomes Homeowners Association, Inc.**, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2904 Lawndale Drive, Greensboro, Guilford County, North Carolina 27408, but meetings of members and directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

**ARTICLE II**

**DEFINITIONS**

SECTION 1. "Association" shall mean and refer to SOUTHERN GATES TOWNHOMES HOMEOWNERS 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 Property, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 3. "Property" shall mean and refer to that certain real property described in the Declaration (defined below), and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 4. "Common Elements" shall mean all real property and interests in real property owned by the Association, together with any easements and rights of way related thereto, for the common use and enjoyment of the Owners.

SECTION 5. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration, Articles of Incorporation and in Article III of these Bylaws.

SECTION 6. "Lot" shall mean and refer to any numbered parcel or plot of land shown upon any recorded subdivision map of the property, with the exception of Common Elements.

SECTION 7. "Declaration" shall mean and refer to any Declaration of Covenants, Conditions, and Restrictions applicable to the Property recorded or to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

**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 Association shall have two (2) classes of voting membership:

**Class A.** Class A Members shall be all Owners (as that term is defined herein) other than D. Stone Builders, Inc., and its successors and assigns (Declarant). Class A Members shall be entitled to vote based on one vote per Lot as specifically defined in the Declaration. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall the vote with respect to any Lot be split; the percentage allocated to each Lot must be cast together.

**Class B.** The Class B Member shall be the Declarant and it shall be entitled to three (3) votes for each Lot owned by it. 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 Declarant has conveyed to an Owner all of the Lots within the Subject Property; or

(b) on December 31, 2019.

If a Lot is owned by two or more co-owners and only one of the co-owners is present at a meeting of the Owners, the co-owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the co-owners is present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple co-owners. Majority agreement is conclusively presumed if any one of the co-owners casts the votes allocated to the Lot without protest being made promptly to the person presiding over the meeting by any of the other co-owners of the Lot. The President of the Association shall have the authority to require that such multiple Owners of a Lot file a Certificate with the Secretary of the Association, signed by all of the Owners, designating the person entitled to cast the vote or votes for such Lot. Such Certificate shall be valid until revoked by a subsequent Certificate. If such Certificate is not filed when required, the vote of such Owners shall not be considered in determining the requirements for a quorum or for any other purpose.

**SECTION 2. PROPERTY RIGHTS.** Each Member shall be entitled to the use and enjoyment of the Common Elements as provided in the Declaration. Any Owner may delegate his right of enjoyment to the Common Elements to the members of his family and to his guests, subject to such rules and regulations as may be established from time to time by the Association. Such Member shall notify the secretary of the Association in writing of the name of the delegate. The rights 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 within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held at such time and place as the Board of Directors may prescribe.

SECTION 2. 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 fifteen (15) days before such meeting to the 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 3. QUORUM. The presence at the meeting of Members entitled to cast, or of proxies entitles 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 Declaration, or these Bylaws. 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. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purposes of determining a quorum.

SECTION 4. 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 Directors of three (3) to five (5) directors, who need not be members of the Association. The number of directors within the above-described limits shall be determined by the Board of Directors, and otherwise may be changed by amendment in accordance with the provisions of Article XV of these Bylaws.

SECTION 2. TERM OF OFFICE. Subject to the right of the Declarant to select and designate the Board of Directors as set forth in the Declaration or Articles of Incorporation, at the first annual meeting the Members shall select two (2) directors for a term of two (2) years and one (1) director for a term of one (1) year; and at each annual meeting thereafter the Members shall elect directors for a term of two (2) years.

SECTION 3. REMOVAL. Subject to the right of the Declarant to remove and replace any person or persons selected by it to act and serve on the Board of Directors as set

forth in the Articles of Incorporation, any director may be removed from the Board of Directors, 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 of Directors, 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**

Subject to the right of the Declarant to select and designate the Board of Directors as set forth in the Declaration and Articles of Incorporation, the election of directors shall be conducted in the following manner:

(a) 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 (2) 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.

(b) 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 at such time and place and with such notice as shall be determined by resolution of the majority of the directors.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director.

SECTION 3. QUORUM. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

SECTION 4. WAIVER OF NOTICE. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

## **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 Elements, and the personal conduct of the members, and their guests thereon, and to establish penalties, including reasonable fines, for the infraction thereof;
- (b) suspend the voting rights and right to the use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment, dues, fine or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (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 Bylaws, 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) contract for the management of the Common Elements and the Association and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Board of Directors or membership of the Association, provided, however, that any such management agreement shall not exceed a period of one (1) year from its effective date (but may be renewed by agreement of the parties for successive one-year periods), and shall be terminable for cause upon thirty (30) days written notice thereof, 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 of its acts and corporate affairs;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) levy assessments on the Lots as provided in the Declaration, including:
  - (1) fix the amount of the annual assessment (maximum and actual) 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 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 of Directors 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 insurance covering the Association, its directors, officers, agents and employees and procure and maintain adequate hazard insurance on the real and personal property interest owned by the Association.
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (g) cause the Common Elements to be maintained as set forth in the Declaration.

## **ARTICLE IX**

### **OFFICERS AND THEIR DUTIES**

**SECTION 1. ENUMERATION OF OFFICERS.** The officers of this Association shall be a president, and one vice-president, who shall at all times be members of the Board of Directors, a secretary, a treasurer, and such other officers as the Board of Directors may from time to time by resolution create, including one or more assistant vice-presidents, assistant secretaries and assistant treasurers, who need not be members of the Board of Directors.

SECTION 2. ELECTION OF OFFICERS. The election of officers be by the Directors and shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

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

SECTION 4. SPECIAL APPOINTMENTS. The Board of Directors 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 of Directors 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 of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, 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 of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaced.

SECTION 7. DUTIES. The duties of the officers are as follows:

(a) President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; may sign all leases, mortgages, deeds and other written instruments and shall sign all checks and promissory notes.

(b) Vice President. The vice-president shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act; may, together with the Secretary or Assistant Secretary, sign leases, mortgages, deeds and other instruments of conveyance; and shall exercise and discharge such other duties as may be required of him or her by the Board of Directors.

(c) Secretary and Assistant Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors 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 of Directors and of the Association, keep, maintain a register of the names and addresses of all directors, officers and members of the Association, and shall perform such other duties as required by the Board of Directors. The Assistant Secretary shall assist the Secretary and act in the place and stead of the Secretary in the event of his or her absence.

(d) Treasurer and Assistant 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 an independent certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members. The Assistant Treasurer shall assist the Treasurer and act in the place and stead of the Treasurer in the event of his or her absence.

## **ARTICLE X**

### **COMMITTEES**

The Board of Directors shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint such other committees as it may deem 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 Bylaws 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**

### **ANNUAL BUDGET; ASSESSMENTS**

**SECTION 1 ANNUAL BUDGET.** Unless otherwise determined by the Board of Directors, an annual budget for the Association for the next year shall be presented at the annual meeting of the Members. Within thirty (30) days after adoption of a proposed budget, the Board of Directors shall provide to all Members a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board of Directors shall set a date for a meeting of the Members to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Members rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors.



**SECTION 2. ASSESSMENTS** As provided in the Declaration, each Owner 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 twelve percent (12%) 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 the assessments. No Owner may waive or otherwise avoid liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Lot.

### **ARTICLE XIII**

#### **FINES, SUSPENSION OF PRIVILEGES AND ADJUDICATORY HEARINGS**

The Board of Directors shall have the power to impose reasonable charges for late payment of assessments and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to an Owner's Lot) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer. Further, the Board of Directors shall have the power, after notice and an opportunity to be heard, to impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to an Owner's Lot) for reasonable periods for violations of the Declaration, these Bylaws, or any rules and regulations of the Association. A hearing shall be held before an adjudicatory panel appointed by the Board of Directors to determine if any Owner should be fined or if privileges or services should be suspended pursuant to such powers. If the Board of Directors fails to appoint an adjudicatory panel to hear such matters, hearings shall be held before the Board of Directors. The Owner charged shall be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. If it is decided that a fine should be imposed, a fine not to exceed One Hundred Fifty Dollars (\$150.00), or such greater amount allowed by law, may be imposed for the violation, and without further hearing, for each day after the decision that the violation occurs. Such fines shall be assessments secured by liens under the Declaration. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

### **ARTICLE XIV**

#### **CORPORATE SEAL**

The Association may, but shall not be required to, have a seal in circular form having within its circumference the words: **SOUTHERN GATES HOMEOWNERS ASSOCIATION, INC.**

### **ARTICLE XV**

#### **AMENDMENTS; CONFLICTS**

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

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

## **ARTICLE XVI**

### **MISCELLANEOUS**

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

### **CERTIFICATION**

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of Southern Gates Townhomes Homeowner's Association, Inc., a North Carolina Corporation, and that the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the \_\_\_\_ day of December, 2009.

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Secretary