

BYLAWS OF
STONE GABLES AT PISGAH CHURCH ROAD HOME OWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS OF TERMS

New Article approved March 19, 2015, to replace the original Article X

Section 1.

Association: Association shall mean and refer to Stone Gables at Pisgah Church Road Home Owners Association, Inc., a North Carolina nonprofit corporation.

Corporation: Corporation shall also mean and refer to Stone Gables at Pisgah Church Road Home Owners Association, Inc., a North Carolina nonprofit corporation.

Section 2.

Properties: Properties shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, and Restrictions, Article I, Section 11, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3.

Common Area: Common Area shall mean all real property, other than a Lot, owned by the Association for the common use and enjoyment of the Owners.

Section 4.

Lot/Lots: Lot shall mean and refer to any separately numbered plot of land shown upon any recorded subdivision map of the Stone Gables at Pisgah Church Road properties with the exception of the Common Area. Lots shall refer to all such lots collectively.

Section 5.

Owner: Owner shall mean and refer to the owner of record, whether one or more persons or

entities, of the fee simple title to any Lot that is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Member: Member shall mean and refer to those persons entitled to membership as provided in the Declaration of Covenants, Conditions, and Restrictions, Article III, Section 1.

Section 6.

Declaration: Declaration shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for Stone Gables at Pisgah Church Road applicable to the properties recorded in Plat Book 163, at page 091, in the Office of the Register of Deeds of Guilford County, North Carolina.

Section 7.

Informal Actions: Actions taken by the Board of Directors outside of a formal meeting so long as 100% of all directors in office consent to the action. See Article V, Section 10.

ARTICLE II

OFFICES

Section 1. *Address correction approved March 19, 2015*

Principal Office. The principal office of the corporation shall be located at the residence of the current President of the Board of Directors, AnnaLisa Drive, Greensboro, North Carolina 27455.

Section 2.

Registered Office. The registered office of the corporation, required by law to be maintained in the State of North Carolina, may be, but need not be, identical with the principal office.

Section 3. *Amended March 19, 2015*

Other Offices. When the corporation is managed by an outside management firm it may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. *Amended May 21, 2015*

Eligibility for Membership. The following persons or entities shall be eligible for membership in the corporation:

Every person or entity who is an "Owner" of any of the Lots 1 through 18, inclusive, (each a "Lot") as shown on that certain Final Plat for Stone Gables at Pisgah Church Road recorded in Plat Book 163, at page 091, in the Office of the Register of Deeds of Guilford County, North Carolina (the "Plat"), shall be a member of this corporation, subject to the provisions of these Bylaws and the Articles of Incorporation of the corporation. It is specifically understood that no person or entity who has an interest in any Lot solely as security for the performance of an obligation shall be entitled to membership in the corporation.

Membership may not be separated from ownership of any Lot. In no event shall there ever be more than one (1) membership interest per Lot.

Section 2. *Amended May 21, 2015*

Voting. Each owner of a Lot shall have one vote. When more than one person holds an interest in any Lot, all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Stone Gables at Pisgah Church Road allows for eighteen (18) votes, unless special circumstances provide for fewer due to ineligibility of owner(s). At least ten (10) days before each meeting of members, the Secretary of the corporation will notify in writing any member who is ineligible to vote.

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, from whom official proxy forms are available. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Lot or interest thereof. A proxy is valid for the length of time specified therein for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after twelve (12)

months from the date of its execution. A proxy is valid only when the member is absent.

Section 3.

Maintenance Agreement. Each member shall pay an equal pro rata amount of its share of the costs of maintenance and repairs effected by the Association for the Common Elements as shown on the Plat.

Section 4.

Delegation of Use. The right and privilege, subject to the matters and things described in these Bylaws and the Articles of Incorporation of this corporation and the Rules and Regulations promulgated, from time to time, by the Board of Directors of this corporation, to use and enjoy the property and facilities of the corporation shall belong to every member of the corporation.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. *Amended March 19, 2015 (a) and May 21, 2015 (b)*

(a) **Annual Meeting.** Annual Meetings of the members of the corporation shall be held on the first Thursday in November, if not a legal holiday, and if a legal holiday, then on the next Thursday.

Written notice of each meeting of the Members shall be given by, or at the direction of, the President or person authorized to call the meeting, by either e-mail, hand delivery, or the U.S. Postal Service. Members are responsible for notifying the President or Secretary of his or her preferred method of notification and address.

Notification of each meeting will be made at least thirty (30) but not more than sixty (60) days before such meeting to each member, addressed to the member's e-mail or home 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 location and the day and hour of the meeting.

(b) **Substitute Annual Meeting.** If the Annual Meeting shall not be held on the day designated by these Bylaws, a substitute Annual Meeting may be called. A meeting so called shall be designated

and treated for all purposes as the Annual Meeting, and shall be held no later than the first Thursday in December. Written notice of such substitute Annual Meeting of the Members shall be given by, or at the direction of, the President or person authorized to call the meeting, by either e-mail, hand delivery, or the U.S. Postal Service. Members are responsible for notifying the President or Secretary of his or her preferred method of notification and address.

Notification of such substitute Annual Meeting will be made at least thirty (30) days before such meeting to each member, addressed to the member's e-mail or home 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 location and the day and hour of the meeting.

Section 2. *Amended May 21, 2015*

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 one-third of all members who are entitled to vote (except votes for dissolution of the corporation only). Written notice of special meetings of the Members shall be given by, or at the direction of, the President or person authorized to call the meeting, by either e-mail, hand delivery, or the U.S. Postal Service. Members are responsible for notifying the President or Secretary of his or her preferred method of notification and address.

Notification of special meetings will be made at least thirty (30) but not more than sixty (60) days before such meeting to each member, addressed to the member's e-mail or home 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 location and the day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 3. *Amended May 21, 2015*

Quorum. The presence at the meeting of members entitled to cast or of proxies entitled to cast, fifty percent (50%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to postpone the meeting without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented, so long as said postponement is for fewer than thirty (30) days.

Section 4. *Amended May 21, 2015*

Action and Voting by Members. The Members shall be deemed to have adopted an action upon the affirmative vote of a majority of the Members permitted to vote on the subject issue. An action of the Members on all matters, except election of directors, shall be by a show of hands unless one-tenth (1/10) of the votes represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter.

ARTICLE V

BOARD OF DIRECTORS

Section 1.

General Powers. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. *Amended December 17, 2013*

Number and Qualification. The organization shall be managed by a Board of Directors consisting of five (5) directors. The directors shall be elected at the Annual Meeting. Each director shall serve a term of five (5) years or until a successor has been elected and qualified. A majority (> 50%) of the directors shall constitute a quorum. Nominations for the Board may be made by any member of the association and said nominee will have agreed to serve should he or she be elected.

Section 3.

Election of Board: Vacancies. Board members shall be elected at the Annual Meeting of members of the corporation or at a Special Meeting called for such purpose. At a meeting of members of the corporation at which Board members are to be elected, only persons nominated as candidates in accordance with the provisions of Section 2 of this Article V shall be eligible for election as Board members and the candidates receiving the greatest number of votes shall be elected.

Section 4. *Section (b) added August 20, 2015*

(a) **Term of Office: Resignations.** Each Board member shall hold office until his or her successor is elected, or until his or her earlier resignation, removal from office, or death. Any Board member may resign at any time by oral statement to that effect made at a meeting of the Board or in a writing to that effect delivered to the President or Secretary of the corporation; such resignation to take effect immediately or at such other time as the resigning Board member may specify. Members of the Board shall serve without compensation.

(b) **Term of Office: Election to Fill Unfinished Term.** An election will be held at a special meeting of the corporation, or at an Annual Meeting if appropriate, to fill vacancies on the Board of Directors caused by resignation, removal, or death. Such newly elected Board members will complete the vacated term and in most cases will serve fewer than five years (see V. 2.).

Section 5.

Organizational Board Meetings. Immediately after each Annual Meeting of the members of the corporation, the newly elected Board members and those Board members whose terms hold over shall hold an organizational Board meeting for the purpose of electing officers and transacting any other business. Notice of such meetings need not be given to all home owners.

Section 6.

Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined by a majority of the Board and provided by resolution, but at least two (2) such meetings shall be held during each fiscal year. Home owners will be notified and may attend at their discretion.

Section 7.

Special Meetings. Special meetings of the Board of Directors shall be held at any time upon call by the President or any Board member. Notice of the express purpose, time, and place of each such meeting shall be given to each Board member either by personal delivery, e-mail, or telephone at least two (2) days before the meeting. No voting may take place on items other than those expressly stated in the special meeting notice. Discussion of other topics may occur but no action may be taken.

Section 8. *Amended August 20, 2015*

Quorum: Postponement. A quorum of the Board of Directors shall consist of a majority of the Board members then in office and present at the meeting. If a quorum is not present the meeting will be postponed. If any meeting is postponed for lack of a quorum or without completing the business scheduled to come before the meeting, notice of the time and place to which such meeting is postponed will be e-mailed to all Board members. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority of all directors in office, whether present or not, except as may be otherwise expressly provided in the Articles of Incorporation or these Bylaws.

Section 9.

Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment therefor or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who votes in favor of such action.

Section 10. *Amended August 20, 2015*

Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by 100% of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

In case of emergency, when 100% of the Board is unavailable for an informal action, a formal meeting, whether in person, via video conference, or by telephone conference call—in order to provide the opportunity for deliberation—may be called, during which a simple quorum may take action.

Section 11. *B.1.f. amended August 20, 2015*

Powers and Duties.

A. Except as otherwise provided by law, the Articles of Incorporation, or these

Bylaws, all power and authority of the corporation shall be exercised by the Board of Directors. In carrying out the purposes of protecting and preserving the Properties and subject to the limitations prescribed by law, the Articles of Incorporation, or these Bylaws, the Board, for and on behalf of the corporation may, subject to home owners' approval:

- (1) purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer, dedicate, and dispose of property of any description or any interest therein;
- (2) make or confirm Lots;
- (3) effect insurance;
- (4) borrow money and issue, sell and pledge notes, bonds, and other evidences of indebtedness of the corporation;
- (5) levy assessments against Owners for repairs and maintenance in accordance with these Bylaws;
- (6) employ property managers, lawyers, and accountants to perform such management, legal, and accounting services as the Board may authorize; and
- (7) do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or Articles of Incorporation.

B. In addition to the foregoing, the Board of Directors shall have the following duties and powers:

- (1) **Duties.** It shall be the duty of the Board of Directors to:
 - (a) cause to be kept a complete written record of all its actions and corporate affairs (Board meeting minutes, Annual Meeting minutes, and financial records) and to present a statement thereof to the members at the Annual Meeting when such statement is requested in writing by one-third (1/3) of the members who are entitled to vote;

- (b) supervise all officers, agents, and employees of the corporation and to see that their duties are properly performed;
- (c) as more fully provided in these Bylaws, to:
 - (i) consistent with these Bylaws, fix the amount of the monthly dues against each member at least thirty (30) days in advance of each annual assessment period;
 - (ii) foreclose the lien against any Lot of a member for which monthly dues and other required assessments are not paid as provided in these Bylaws or take such other action as authorized or permitted in these Bylaws; and
 - (iii) send written notice of any changes to monthly dues or any other assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.
- (d) upon demand by any person, a proof of payment statement must be issued by the Treasurer setting forth whether or not any assessment has been paid. If a proof of payment statement affirms an assessment has been paid, such statement shall be conclusive evidence of such payment.
- (e) procure and maintain adequate liability and hazard insurance on the properties;
- (f) require that all officers and employees of the corporation who shall handle or be responsible for corporation funds shall be covered by liability insurance and furnish adequate fidelity bonds as it may deem appropriate. The premiums for such insurance and bonds shall be paid by the corporation.

(2) **Powers.** The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the facilities of the corporation and the personal conduct of the members and their guests thereon 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 monthly dues and other assessment 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 corporation all powers, duties, and authority vested in or delegated to this corporation and not reserved to the membership by other provisions of these Bylaws or the Articles of Incorporation;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ such agents and independent contractors as it shall deem necessary and to prescribe their duties.

Section 12.

Removal of Members of the Board. At any regular or special meeting of members of the corporation duly called at which a quorum shall be present, any one (1) or more of the Board members may be removed by the affirmative vote of members of the corporation holding at least two-thirds (2/3) of the votes held by all members of the corporation and a successor or successors to such Board member or members so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the corporation shall be given an opportunity to be heard at such meeting.

Section 13.

Nomination. Nomination for election to the Board of Directors shall be made by any member of the corporation in good standing to the Nominating Committee. Nominations may also be made from the floor at the Annual or special 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 corporation. The Nominating Committee shall be appointed by the Board of

Directors as needed. The Nominating Committee shall make as many nominations for election to the Board of Directors as needed, but no less than the number of vacancies that are to be filled. Such nominations may be made from among members only.

Section 14.

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 hereunder. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

OFFICERS

Section 1.

Election and Designation of Officers. The Board of Directors shall elect a President and a Vice President, each of whom shall be a member of the Board. The Board shall appoint a Secretary and a Treasurer who may or may not be members of the Board but who shall be members of the corporation, and the Board may also appoint an Assistant Treasurer and Assistant Secretary and such other officers as, in their judgment, may be necessary, any of whom may or may not be members of the Board of Directors but who are members of the corporation.

Section 2.

Terms of Office: Vacancies. The Officers of the corporation shall hold office until the next Annual Meeting of the Board and until their successors are elected, except in cases of resignation, removal from office, or death. The Board may remove any officer at any time by a majority vote of the Board members then in office. Any vacancy in any office may be filled by the Board.

Section 3.

President. The President shall be the chief executive officer of the corporation. He or she shall preside at all meetings of members of the corporation and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the corporation. She or he may execute

all authorized deeds, contracts, and other obligations of the corporation and shall have such other authority provided for in the Articles of Incorporation or these Bylaws.

Section 4.

Vice President. The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board.

Section 5.

Secretary. The Secretary shall keep the minutes of meetings of members of the corporation and of the Board. He or she shall keep such books as may be required by the Board, shall give notices of meetings of members of the corporation and of the Board required by law, the Articles of Incorporation, or these Bylaws and shall have such authority and shall perform such other duties as may be determined by the Board of Directors or otherwise provided for in the Articles of Incorporation or these Bylaws.

Section 6. *Amended August 20, 2015*

Treasurer. The Treasurer shall receive and have charge of all money, bills, notes, and similar property belonging to the corporation and shall do with the same as may be directed by the Board of Directors. He/she shall keep accurate financial accounts and hold the same open for the inspection and examination of the Board of Directors and shall have such authority and shall perform such other duties as are determined by the Board of Directors. The Treasurer or Financial Secretary must be present at the Annual Meeting in order to answer questions and clarify issues related to the HOA Budget for the forthcoming year.

Section 7.

Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board may appoint, shall respectively have such authority and perform such duties as may be determined by the Board of Directors.

Section 8.

Delegation of Authority and Duties. The Board is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein. The office of

Treasurer may be held by any other officer of the corporation, except that the President shall not also hold the office of Treasurer.

ARTICLE VII

INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

Each director and officer of the corporation and each former director and former officer of the corporation shall be indemnified by the corporation against the costs and expenses reasonably incurred by him or her in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he or she is or may be a party by reason of his being or having been such director or officer of the corporation (whether or not he is a director or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his duty as such director or officer. In case of the settlement of any action, suit or proceeding to which any director or officer of the corporation, or any former director or officer of the corporation, is made a party or which may be threatened to be brought against him by reason of his being or having been a director or officer of the corporation, he shall be indemnified by the corporation against the costs and expenses (including the cost of settlement) reasonably incurred by him or her in connection with such action, suit or proceeding (whether or not she or he is a director or officer at the time of incurring such costs and expense), if (a) the corporation shall be advised by independent counsel that in such counsel's opinion, such director or officer did not misconduct himself or was not negligent in the performance of her or his duty as such director or officer with respect to the matter covered by such action, suit or proceeding and the costs to the corporation of indemnifying such director or officer (and all other directors and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such directors and officers as a result of such settlement, or (b) disinterested corporation members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the corporation, approve such settlement and the reimbursement to such director or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the corporation other than (i) any director or officer of the corporation who at the time is or may be entitled to indemnification pursuant to the foregoing provisions; (ii) any corporation or organization of which any such director or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities; (iii) any firm of which such director or officer is a partner; and (iv) any spouse, child, parent, brother or sister of any

such director or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such director or officer and shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law, any vote of the corporation members or any agreement. The Board may purchase and maintain such Directors' and Officers' Liability Insurance as it shall deem appropriate and premiums for such insurance policies shall be deemed for all purposes proper expenses of the corporation.

ARTICLE VIII

AMENDMENT

Section 1.

Procedure. These Bylaws may be amended at a regular or special meeting of the voting members by the affirmative vote of the members holding at least two-thirds (2/3) of the votes, subject to the exception that no material change to the rights or obligations of the Owner of a Lot can be made without such Owner's written approval.

Section 2.

Conflict. In the case of any conflict between these Bylaws and the Articles of Incorporation, the Articles of Incorporation shall prevail.

ARTICLE IX

CORPORATE SEAL

The Association shall have a seal in circular form having within the circumference the words: "Stone Gables at Pisgah Church Road Homeowners Association, Inc., Corporate Seal, North Carolina, 2006."

ARTICLE X

FISCAL YEAR

The fiscal year of the corporation shall begin the first (1st) day of January and end on the thirty-first (31st) day of December of every calendar year, except that the first fiscal year shall begin on the date of incorporation.