

**RESOLUTION:**

WHEREAS, the Carolina Preserve Declaration of Covenants, Conditions, and Restrictions gives the Board of Directors ("Board") the authority to establish, publish, and enforce rules, policies, and procedures,

WHEREAS, Article 3, section 47F-3-102 of Chapter 47F of the North Carolina Planned Community Act states that the association may adopt and amend bylaws, rules, and regulations,

NOW THEREFORE, BE IT RESOLVED THAT:

This amendment to the Bylaws of the Carolina Preserve Homeowners Association is adopted by the Carolina Preserve Homeowners Association Board of Directors.

The Carolina Preserve Board of Directors duly adopted this resolution the 16<sup>th</sup> day of June 2020, and it supersedes any previous resolution on this subject.

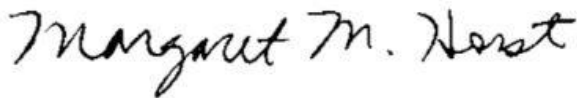
The effective date of this amendment shall be July 16, 2020.



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Tom Crotty

President, Carolina Preserve Homeowners Board of Directors



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Margaret Horst

Secretary, Carolina Preserve Homeowners Board of Directors

Date Signed 06-16-2020

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**ARTICLE I**  
**Name, Principal Office, and Definitions**

**1.1 Name**

The name of the Association shall be Carolina Preserve by Del Webb at Amberly Homeowners Association, Inc. (the "Association").

**1.2 Principal Office**

The principal office of the Association shall be in Wake County or Chatham County, State of North Carolina. The Association may have such other offices as the Board may determine or as the affairs of the Association may require.

**1.3 Definitions**

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Carolina Preserve by Del Webb at Amberly filed in the office of the Register of Deeds of Wake County and Chatham County, North Carolina (as the same may be amended from time to time, the "Declaration"). As used in this document, the term "Owners" refers to those persons who are the registered owners of the 1,360 lots in Carolina Preserve. The term "Residents" refers to all persons living within Carolina Preserve that meet the occupancy requirements of Declaration Article III 3.1 (a) *Restrictions Occupancy* and include Owners.

**1.4 Governing Documents**

The Governing Documents should include Amberly Planned Development District, Articles of Incorporation, Master Declaration, Declaration of Covenants, By-Laws, Design Guidelines, Facilities Use Policies, and Board Resolutions.

**1.5 Purpose**

The purpose of the Association shall be to own, operate, improve and maintain the recreational and other Common Areas within the Community, to provide recreational facilities and educational, social or recreational programs and activities, and to carry out other functions for the maintenance and governance of Carolina Preserve by Del Webb at Amberly, an age-restricted community for adults fifty-five (55) and older, including without limitation, the establishment of rules and regulations for the use of the Common Areas, including any improvements and amenities located thereon; the distribution among Owners/Residents of the costs associated with the ownership, operation, improvement and maintenance of the Common Areas, including any improvements and amenities located thereon; and the promotion of the health, safety, pleasure, recreation and welfare of the Residents within the Community.

**ARTICLE II**  
**Association: Membership, Meetings, Quorum, Voting, Proxies**

**2.1 Membership**

2.1.1 Members

Every Owner shall be a Member of the Association. A Non-Owner is not a Member of the Association. The provisions pertaining to membership in the Declaration are incorporated herein by this reference.

2.1.2 Good Standing

An owner is not "in good standing" if the Owner is more than thirty (30) days delinquent in meeting any financial obligation owed to the Association or the Owner otherwise is in violation of any provision(s) set forth in the Governing Documents.

**2.2 Meetings**

2.2.1 Meetings

Meetings of the Association shall be held within the Properties or at such other suitable place within Wake County or Chatham County, State of North Carolina as may be designated by the Board.

2.2.2 Annual Meeting: Date, Time and Notification

Regular annual meetings shall be held at such date and time as may be determined on an annual basis by the Board of Directors and stated in the notice of such Owners' meeting. As set forth in NCGS §47F-3-108(a), the Association's Secretary shall cause notice stating the place, day, and hour of the Annual Association meeting to be delivered to provide personal notice to owners entitled to notice, by Community-wide e-mail. In addition, the announcement will be on the Carolina Preserve website and posting an announcement sign at Bradford Hall entrance, as determined in the discretion of the Board. Such notice shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the Annual Meeting. The failure of any Owner to receive actual notice of a meeting of the Owners shall not affect the validity of any action taken at such meeting.

2.2.3 Statement of Annual Meeting Purpose

The notice of the Annual Meeting shall state the items on the agenda, including a summary or copy of any proposed amendment to the Declaration of Covenants, Conditions, and Restrictions for Carolina Preserve at Amberly requiring approval of members, ratification of the budget, a report, by the President or designee, to the Owners/Residents on what the Board has worked on and accomplished since the preceding meeting and future projects, and shall include any other matters and a copy or summary of any proposed action that expressly is required by the provisions of the North

Carolina Nonprofit Corporation Act or the North Carolina Planned Community Act ("PC Act"). Only those matters which are stated in the notice may be acted upon at a meeting of Owners.

2.2.4 Call for a Special Meeting

The president or a majority of the Board of Directors may call a special meeting of the Owners. In addition, it shall be the duty of the President to call a special meeting of the Owners upon a petition signed by Owners representing at least ten percent (10%) of the total votes of lots.

2.2.5 Requirements for Owners' Petition for Special Meeting

The following procedures must be followed with respect to an Owners petition for a special meeting:

2.2.5.1 Purpose of Meeting

The petition must clearly specify the purpose of such a meeting. The petition for a special meeting cannot be for a community vote on a Board decision. Declaration Article VII, Para 7.6 *Implied Rights; Board Authority* specifically precludes member votes on Board decisions.

2.2.5.2 Valid Signatures

The petition must contain valid signatures (so-called "wet signatures") of members in good standing of at least ten percent (10%) of lots in Carolina Preserve. Only one signature is permitted per lot.

2.2.5.3 Petition Format

The Petition format is provided in the form Petition for Special Meeting.

2.2.6 Announcement of Special Meeting and Petition Certification

2.2.6.1 Submission and Certification

The original petition must be submitted to the Board Secretary who will have the petition verified and certified that the ten percent (10%) signature requirement has been met and that the purpose of the meeting meets the above petition content requirements.

2.2.6.2 Notification and Special Meeting Date

Once certified, the President will be notified by the Secretary in writing with an attachment of the certified petition. The President will announce a special meeting to be held within 30 days of receipt of petition. After the meeting date

is determined, the Board will send a Community announcement of the date, time and location of the meeting, the agenda and the rules established for the Special Meeting. This notification will be made by electronic means as set forth in NCGS § 47F-3-108(a). In addition, the notification will be posted on the Community's website and Bradford Hall.

#### **2.2.7 Meeting Expenses**

All expenses for holding a special meeting will be paid for by the Association. Such expenses include, but are not limited to, mailing costs, rental of a meeting site and legal fees.

### **2.3 Waiver of Notice**

Waiver of notice of an Owners' meeting shall be deemed the equivalent of proper notice. Attendance at a meeting by an Owner shall be deemed waiver by such Owner unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection based on lack of proper notice is raised before the business is put to a vote.

### **2.4 Attendance at Annual and Special Meetings and Voting**

#### **2.4.1 Voting Rights**

Any Owner may be present at any meeting of the Owners, but voting rights shall be allocated by Lot, and if multiple Owners represent a Lot, such Owners shall come to a consensus on how to cast a given vote, Each Lot shall be entitled to one (1) vote on all matters as to which Owners may be entitled to vote under the North Carolina Nonprofit Corporation Act unless specifically provided otherwise in these By-Laws, the Articles, or the Declaration, In addition, Owners shall be entitled to vote on any other matters specifically provided for in the Declaration, The Association shall have the right to suspend the voting rights of an Owner determined not in good standing under 2.1.2 above. The Board shall determine the method of voting, the form of all ballots, the wording of questions thereon and the deadline for return of ballots, The Board may include on ballots any questions on which it seeks an advisory vote.

#### **2.4.2 Voting**

Voting by Owners at an Annual or Special Meeting shall be by voice vote or a show of hands unless (i) the Board determines that the vote shall be by written ballots or (ii) any Owner present at the meeting requests, and by an affirmative vote of a majority of the votes cast do consent to, a vote by written ballots. Except for the election of directors as provided herein, if a quorum is present, action on a matter at a meeting of Owners shall be



deemed approved if approved by the affirmative vote of a majority of the votes cast, unless a greater vote is required by Law.

#### 2.4.3 Action without Meeting

Any action that may be taken at any annual, regular, or special meeting of Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter, A written ballot shall: (i) set forth each proposed action, (ii) provide an opportunity to vote for or against each proposed action, and (iii) indicate the time by which a ballot shall be received by the Association in order to be counted, A written ballot must be signed and dated by the Owner submitting the ballot in order to be counted, Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast, A written ballot may not be revoked.

#### 2.4.4 Submission of Ballots

Owners may submit their written ballot votes by mail, facsimile, and/or by scanning the written ballot and submitting it through electronic mail.

#### 2.4.5 Proxies

2.4.5.1 Owners may vote in person or by proxy. Each official paper proxy shall be dated, signed and filed with the Secretary at least two (2) days prior to the meeting for which it is to be effective. Proxy forms shall be delivered in person, by personal delivery, U.S. mail or e-mail to the designated Management Company staff member. Unless otherwise provided in the proxy, a proxy shall cover all votes which the Owner giving such proxy is entitled to cast, and in the event of any conflict between two (2) or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. No proxy shall be valid more than one (1) month after its execution. Every proxy shall be revocable and shall automatically cease upon conveyance of the Lot which the Owner represents.

2.4.5.2 Owners may submit a proxy by electronic submission.

2.4.5.3 An owner who attends the meeting in person may revoke the proxy during registration and vote in person.

#### 2.4.6 Majority

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group, as the context may indicate, totaling more than fifty percent (50%) of the total eligible number.

#### 2.4.7 Quorum

Except as otherwise provided in these By-Laws or in the Declaration, the presence of the Owners (in person or by proxy) representing at least ten percent (10%) of the total votes in the Association shall constitute a quorum at all meetings of the Association.

#### 2.4.8 Conduct of Meetings

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting following the guidelines of Robert's Rules of Order. All motions and votes by Board members will be recorded in the minutes. These documents are provided on the CP Website and backed up in Cloud storage. Annual and Special Meetings shall be conducted in accordance with Roberts Rules of Order, as amended.

#### 2.4.9 Adjournment of Meeting

In the event business cannot be conducted at any meeting of Owners because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. If any meeting of Owners is adjourned by the vote of a majority of votes cast on the motion to adjourn to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment and if a new record date is not fixed for the adjourned meeting, The date of the next meeting shall be not less than five (5) days nor more than thirty (30) days after the date of the original meeting. If a new record date for the adjourned meeting is or must be fixed pursuant to North Carolina law, notice of the adjourned meeting must be given as provided in this Section to the Owners of record entitled to vote at the meeting as of the new record date. As is provided in the Act, the quorum requirement at the next meeting of Owners, in the event of an adjournment because a quorum is not present, shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision will continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, until such time as a quorum is present and business can be conducted.

**ARTICLE III**  
**Governing Body**

**3.1 Composition and Selection**

**3.1.1 Governing Body**

The affairs of the Association shall be governed by a Board of Directors (the "Board"), each member of which (a "Director") shall have one (1) equal vote. No person shall be eligible for election by the Owners of the Association as a Director unless such person is an Owner. No Owner shall be elected as a Director if the Owner is not in good standing. Every Owner elected to the Board must complete such training as is required by these Bylaws and any other training as may be established by the Board after said Owner begins his or her term. No more than one (1) representative from a Lot may serve on the Board at the same time.

**3.1.2 Number of Directors**

The number of Directors shall be not less than three (3) nor more than seven (7). Prior to the public submission of nominations for the annual election of Board members, the Board sets the number of Board members for the next year.

**3.1.3 Election Task Force**

The Board may establish an Election Task Force (ETF), comprised of owners, who will conduct the election by the Board-approved policy.

**3.1.4 Director's Term**

A Director's term shall commence on the first day of January following the election at which the Director was elected. New Board positions may be either 1- or 2-year terms as needed to ensure that approximately fifty (50) percent of the terms end each year. Each Director shall hold office until his term expires or until his or her successor shall have been elected and qualified. Directors may succeed themselves in office, but no Director shall serve more than three consecutive elected terms, not including the time served as a Director when appointed by the Board to fill a vacancy. In all elections for Directors, the Owner for each Lot shall be entitled to the number of votes equal to the number of Directors to be elected (only a maximum of one vote per candidate shall be permitted).

**3.1.5 Counselor to the Board**

The Board may from time to time appoint an individual owner to act as a non-voting counselor to the Board. A counselor will be appointed by Board vote that describes the scope and specific purpose with a defined-time period.

### 3.1.6 Removal of Directors/Vacancies

- 3.1.6.1 Any Director may be removed, with or without cause, by a majority vote of all Owners present and entitled to vote at any meeting of Owners, including special meetings of the Owners called pursuant either to Sections 2.2.4 or 2.2.5, at which a quorum is present. For the purpose of removing a Director, the presence of the Owners (in person or by proxy) representing at least twenty-five percent (25%) of the total votes in the Association shall constitute a quorum and this quorum requirement cannot be reduced at subsequent meetings. A Director may not be removed by the Owners at a meeting unless a specific agenda item of the meeting is the removal of a Director, specified by name. In the case of the removal of more than one Director, each must be specified by name and the President is required to seek independent votes on the removal of each Director specified.
- 3.1.6.2 Any Director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority of the Directors present at a regular or special meeting of the Board at which a quorum of the Board is present.
- 3.1.6.3 In the event of the death, disability, removal, or resignation of a Director, the Board may declare a vacancy and may appoint a successor to fill the vacancy for the remainder of any unexpired term.

## 3.2 **Board Meetings**

### 3.2.1 Location of Meetings

In general, all meeting of the Board shall be held onsite at the Association clubhouse, Bradford Hall. Where circumstances warrant or require no gathering of board members and management staff onsite due to weather conditions, illness, site disruption or damage or because of local, county, state or federal government directives restricting the size or nature of a gathering of people, the Board may choose to hold Board meetings of any type by use of electronic means through the use of such processes as Go To Meeting, Zoom or any other available computer based product.

### 3.2.2 Organizational Meeting

The newly-elected Board shall hold a closed organizational meeting early in January for the purposes of electing officers, making assignments to Board-chartered committees, and approving Committee Charters and members. The Board will set Board Open Meeting and Community Meeting dates for the year at this meeting and publicize to the Community. Further

notice may be provided but is not required. However, agenda items for each Board Open Working Meeting will be provided in a community-wide e-mail prior to the meeting date.

### 3.2.3 Meetings

Meetings, and types of meetings, of the Board are set forth in the Board's Operating Procedure. If necessary, a Board Meeting can be requested by an officer or any two Directors, with short notice and at the earliest time that a quorum of the Board is available to meet.

### 3.2.4 Notice of Meetings

Notice of the time and place of a regular or special meeting shall be communicated to Directors at least 48 hours in advance. The notice shall specify the time and place of the meeting and, in the case of a special or unscheduled Board meeting, the nature of any special business to be considered. The notice shall be given to each Director by e-mail or telephone.

### 3.2.5 Waivers of Notice

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum of the Board is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

### 3.2.6 Quorum of Board of Directors

At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Proxies, of any type, for Board members are not allowed at Board meetings.

### 3.2.7 Compensation

No Director shall receive any compensation from the Association for acting as such; provided however, any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested Director.

### 3.2.8 Conduct of Meetings.

The President shall preside over all meetings of the Board, and the Secretary shall keep minutes of meetings, except Executive Sessions, of the Board, recording all resolutions and motions adopted by the Board and all transactions and proceedings occurring at such meetings, including the names and addresses of resident who make public statements and recorded as to subject matter only. Motions from Executive Sessions will be stated, will require a second and will be voted upon in the next Board Open Working Meetings. All meetings shall be conducted in accordance with the current edition of Roberts Rules of Order.

### 3.2.9 Attendance at Meetings by Owners.

The Board shall provide the Owners/Residents an opportunity to attend all Board meetings, except Executive Sessions, as set forth in the Board Operating Procedure.

### 3.2.10 Action Without a Formal Meeting.

Any action of the Directors may be taken without a meeting by an e-mail vote which requires all Directors to vote on the action and must be unanimous.

### 3.2.11 In Absentia Participation

Any Director may participate in and vote during any meeting of the Board *in absentia* by teleconferencing. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

## 3.3 **Powers and Duties**

### 3.3.1 Powers

The Board shall have all the powers and duties necessary and appropriate for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these By-Laws, the Articles of Incorporation, and as provided by law. The Board may do or cause to be done all acts and things as are

not by the Declaration, the Articles of Incorporation, these By-Laws, or North Carolina law directed to be done and exercised exclusively by the Owners.

### 3.3.2 Duties

The below duties of the Board are divided into two categories:

#### 3.3.2.1 Those which are performed directly by the Board:

- a. Approves changes to policies, procedures, rules and regulations. Community Management executes approved HOA policies and procedures.
- b. Adopts annual budgets and establishes each Owner's share of the Common Expenses for owners' ratification;
- c. Provides for the operation, care, upkeep, and maintenance of the recreational and other areas of common responsibility
- d. Establishes, maintains and enforces policies and procedures for the proper use, maintenance, and future replacement of the physical assets of the community.
- e. Selects and provides oversight of the Management Company, and direct employees, independent contractors and volunteers.
- f. Reviews and approves Association contracts except those for which signature has been delegated to the Management Company by the provisions of the latest version of the CP Policy for Contracting;
- g. Provides for recreational, educational and social activities for the Owners;
- h. Makes and amends rules and regulations, including Use Restrictions, and establishes penalties for infractions thereof;
- i. Subject to limitations provided for in the Declaration, enforces by legal means the provisions of the Declaration, these By-Laws, and the rules adopted by the Board and brings any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- j. Grants easements, rights-of-ways or licenses over and through the Common Area;
- k. Indemnifies a Director, officer or committee member, or former Director, officer or committee member of the Association to the extent such indemnity is required by North Carolina law, the Articles, and these By-Laws; and assists in the resolution of disputes involving the Association without litigation, as set forth in the Declaration.

#### 3.3.2.2 Those which the Board may delegate operational, but not policy, responsibility by contract to a Management Company

- a. Preparation of an initial draft annual budget for review and modification as appropriate by the Board
- b. Levying and collecting Assessments, including assessments from the Owners to fund the Common Expenses;
- c. Depositing all funds received on behalf of the Association in a bank depository which the Board shall approve and using such funds to operate the Association; provided, any reserve fund may be deposited, in the Director's best business judgment, in depositories other than banks;
- d. Opening of bank accounts on behalf of the Association and designating the signatories required;
- e. Making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the latest version of the CP Policy for Contracting.

### 3.3.3 Management

The Board may, but shall not be required to, contract with a professional management company at an amount established by the Board to perform such duties and services as the Board shall authorize for the Association, The Board may delegate to such management company such powers as are necessary to perform its assigned duties, but shall not delegate policy making authority. The Board may delegate to one (1) of its members the authority to act on behalf of the Board on all matters relating to the duties of the management company, if any, which might arise between meetings of the Board.

3.3.3.1 No remuneration shall be accepted by the managing agent from vendors, independent contractors, or others, providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise. Anything of value received shall benefit the Association.

3.3.3.2 Any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board.

### 3.3.4 Accounts and Reports.

The following standards shall be followed unless the Board by resolution specifically determines otherwise:

3.3.4.1 Fiscal year: The fiscal year of the Association shall be January 1 through December 31.



- 3.3.4.2 Accrual accounting, as defined by generally accepted accounting principles, shall be employed; provided however, that any "shortage" shall be calculated on a cash basis of accounting as provided in the Declaration;
- 3.3.4.3 Accounting and controls should conform to generally accepted accounting principles;
- 3.3.4.4 Cash accounts of the Association shall not be commingled with any other accounts;

### 3.3.5 Budget

The Board shall cause a Budget to be prepared for each fiscal year of the Association and shall provide a copy to each Owner pursuant to Section 9.1 of the Declaration.

### 3.3.6 Audit

The Board shall cause an annual financial audit report ("Financial Audit Report") to be prepared in accordance with generally accepted accounting principles within one hundred twenty (120) days after close of the Association's fiscal year. The Board shall post the Financial Audit Report on the HOA website and announce this through a community-wide email. If any owner requests a copy of the Financial Audit Report, the Association shall provide one (1) copy to the Owner without charge by first-class United States mail and deliver such copy within seven (7) days of such request; provided that only one copy shall be provided per Lot, The Financial Audit Report shall consist of: a balance sheet as of the end of the fiscal year; an income and expense statement for the fiscal year (this statement shall include a schedule of assessments received and receivables); a statement of changes in financial position for the fiscal year; and any notes to the financial statements. Such Financial Audit Report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant.

### 3.3.7 Financial Review and Reporting

The Board, or its designee, shall do the following at least quarterly:

- 3.3.7.1 Cause a current reconciliation of the Association's operating accounts to be made and review the same;
- 3.3.7.2 Cause a current reconciliation of the Association's reserve accounts to be made and review the same;
- 3.3.7.3 Prepare the Association's actual versus budget income and expense statement and make available to all Owners/Residents of the Association in an electronic version

through the HOA website. A hard copy will be made available upon request by an Owner the expense of the Association;

- 3.3.7.4 Prepare the Association's reserve contributions and expense statement and make available to all Owners/Residents of the Association in an electronic version through the HOA website. A hard copy will be made available upon request by an Owner at the expense of the Association.
- 3.3.7.5 Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts;
- 3.3.7.6 Review the delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent.

### 3.3.8 Borrowing

The Association, acting through its Board, shall have the power to borrow money for any legal purpose; provided, the Board shall obtain the approval by vote or written consent of Owners representing at least a majority of the total votes in the Association, if the proposed borrowing is for the purpose of making discretionary capital improvements or purchasing additional capital assets and the total amount of such borrowing, together with all other debt incurred within the previous twelve (12) month period, exceeds or would exceed ten percent (10%) of the budgeted gross Common Expenses of the Association for that fiscal year. No mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent of Owners representing at least eighty percent (80%) of the total votes in the Association.

### 3.3.9 Enforcement Powers

#### 3.3.9.1 Procedure

The Board determines if any lot owner should be fined or if planned community privileges or services should be suspended pursuant to the powers granted to the association in NCGS §47F-3-102(11) & (12).

#### 3.3.9.2 Notice

Prior to imposition of any sanction as provided in the Declaration, the Board shall serve the alleged violator with written notice including (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, and (iii) the date

and time of the hearing before the Board or an adjudicatory panel, if any.

#### 3.3.9.3 Hearing

The hearing shall be held before the Board in Executive Session. The owner who has been cited with a violation shall be afforded a reasonable opportunity to present his/her statement. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be documented with date and manner of delivery (first class USPS and/or email). The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The Board will then provide a motion, to be voted upon in a Board Open Working Meeting. This motion will include the following: Incident, Findings and Determination, Sanction (if any).

### 3.4 Board Standards

In the performance of their duties, Directors and officers shall act as fiduciaries and are subject to insulation from liability provided for Directors and officers of corporations by North Carolina laws and as otherwise provided in the Governing Documents.

As defined herein, a Director shall be acting in accordance with the business judgment rules so long as the Director: (a) acts within the express or implied terms of the Governing Documents and his or her actions are not *ultra vires*; (b) affirmatively undertakes to make decisions which are necessary for the continued and successful operation of the Association and, when decisions are made, they are made on an informed basis; (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and (d) acts in a non-fraudulent manner and without reckless indifference to the affairs of the Association. A Director acting in accordance with the business judgment rule shall be protected from personal liability.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair and non-discriminatory manner and shall adhere to the procedures established in the Governing Documents.

## **ARTICLE IV**

### **Officers**

#### **4.1 Officers**

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer.

#### **4.2 Election and Term of Office**

The President, Vice President, Secretary, and Treasurer shall be elected by the Board from among the members of the Board. An officer may hold at most two (2) offices at any given time.

#### **4.3 Election of Officers and Newly Elected Board Participation**

The officers of the Association shall be elected annually by the Board at the first meeting of the newly-elected Board, usually the first meeting in January. At the same meeting, Committee Charters and membership, including liaisons, will also be approved.

Committee liaison assignments are made by Board consensus.

Newly-elected Board members, whose official term of service begins on January 1, may participate in all Board Meetings immediately after the election as non-voting members with rights to discuss all items.

#### **4.4 Removal and Vacancies**

Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby, A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

#### **4.5 Powers and Duties**

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association, The Vice President shall act in the President's absence and shall have all powers, duties and responsibilities provided for the President when so acting, The Secretary (or the managing agent) shall keep the minutes of all meetings of the Association and the Board and shall have charge of such books and papers as the Board may direct, In the Secretary's absence, any officer directed by the Board shall perform all duties incident to the office of secretary, The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

#### **4.6 Resignation**

Any officer may resign at any time from the Board or as an officer of the Board by giving e-mail notice to the Board. Such resignation shall take effect upon receipt of such notice and the acceptance of such resignation shall not be necessary to make it effective.

#### **4.7 Certifications**

All agreements, deeds, leases and other instruments of the Association shall be executed by the President or Board designee. The President and Vice President shall each have the authority to execute amendments to the Declaration on behalf of the Association, The Secretary, or designee, shall prepare, certify and record amendments to the Declaration. Every amendment to the Declaration shall be recorded in Wake County and Chatham County, unless otherwise provided in NCGS § 47F-2-117. Contractual signatures requirements are covered in the most recent Policy for Contracting. Check signing authority is covered in the management contract.

### **ARTICLE V**

#### **Committees and Task Forces**

#### **5.1 Committee Charters Established by the Board**

5.1.1 The Board may establish and charter such committees as it deems appropriate to perform such functions as the Board may designate by resolution. Each committee shall operate in accordance with the Board-approved Charter which is official documentation of the roles, responsibilities, membership and operating procedures.

5.1.2 Committee Charters and Committee Membership are approved by the Board in its organizational meeting in January. All officers of any committee shall be elected by the Committee.

5.1.3 Committee members serve at the Board's discretion for one-year appointments which are renewable each year. Any committee member, including the committee chair, may be removed by a majority vote of the Directors at any time. A Committee Charter may be cancelled at any time by a majority vote of the Board.

#### **5.2 Task Forces Established by the Board**

5.2.1 The Board may establish a task force, consisting of a Board member and owner(s) to address a specific task resulting from a resolution. The task force will have a specific charge with an end-date to make

a recommendation to the Board, after which the task force will be terminated.

- 5.2.2 The Board authorizes the General Manager to establish a task force for a specific operational matter without prior Board approval. The taskforce will have a specific charge with an end-date to make a recommendation to the Board, after which the task force will be terminated.

## **ARTICLE VI Miscellaneous**

### **6.1 Fiscal Year**

The fiscal year of the Association shall be January 1 through December 31.

### **6.2 Mediation**

The Association or any owner has the right to request mediation of any dispute under the Covenants, By-Laws or Rules/Regulations of the Association.

### **6.3 Books, Records and Documents**

#### **6.3.1 Maintenance of Records**

The Association shall keep books and records as required by Article 16 of the North Carolina Nonprofit Corporation Act.

#### **6.3.2 Classification of Documents & Accessibility by Owners/Residents**

6.3.2.1 Association Specific Documents such as Covenants, By-laws, Club Operation Manual, Facilities Use Policy, ARC Guidelines, etc. are and will continue to be public records and thus are available Owners and residents through the Association website.

6.3.2.2 Association Confidential and Proprietary Documents such as Request for Proposal, Contracts, Vendor Bids, Attorney Client Correspondence shall not be posted on the Association website as public disclosure potentially could be detrimental to the Association. Such documents to be noted as "Carolina Preserve Confidential", however, will be made available to Owners and residents upon written or email request either in electronic or printed form (at a reasonable charge to the Owner/ resident) with notice that

said documents are not to be shared outside the Association.

6.3.3 Inspection by Directors

Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make a copy of relevant documents at the expense of the Association in furtherance of such Director's duties as a Director.

6.3.4 Notices

Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by USPS first class postage prepaid:

- a. if to an Owner, at the address which the Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Owner; or
- b. if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

6.3.5 Indemnification

The Association shall indemnify every officer, Director, and committee member against all expenses, including counsel fees, reasonably incurred by them and each of them relating to any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, Director, or committee member of the Association.

The officers, Directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and Directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association, The Association shall indemnify and forever hold each such officer, Director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which

any present or former officer, Director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and Directors' liability insurance to fund this obligation, if such insurance is reasonably available.

#### 6.3.6 Amendment

##### 6.3.6.1 By Board,

Except as provided above, these By-Laws may be amended only by resolution duly adopted by the Board. Owners shall not be entitled to vote on amendments to these By-Laws unless the proposed amendment affects a provision of the By-Laws which requires Owner approval, in which case, said provision may not be amended without the same level of Owner approval required under said provision,

##### 6.3.6.2 Validity and Effective Date of Amendments,

Amendments to these By-Laws shall become effective 30 calendar days after being adopted unless otherwise provided in the amendment. Any procedural challenge to an amendment must be made within 30-day period of its adoption or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.