

BYLAWS OF THE DEERCROFT SUBDIVISION HOMEOWNERS AND RECREATION ASSOCIATION, INC.

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**BYLAWS OF THE DEERCROFT SUBDIVISION HOMEOWNERS AND
RECREATION ASSOCIATION, INC.**

**ARTICLE ONE
NAME, LOCATION AND PURPOSE**

The name of the corporation is the DEERCROFT SUBDIVISION HOMEOWNERS AND RECREATION ASSOCIATION, INC. (hereinafter the "Association"). The principal office of the Association shall be located at 29960 Deercroft Drive, Wagram, Scotland County, North Carolina. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of members and directors may be held in such places within Scotland County, North Carolina, as may be designated by the Board of Directors. The Association is a non profit organization and is established to:

- (a) Elect Directors who shall govern the Association in a manner that reflects the best interest of the majority of the members of the Association;
- (b) Develop a community designed for safe, secure, healthful and harmonious living;
- (c) Promote the collective and individual property rights of each member;
- (d) Care for the improvements and maintenance of the common property and any facilities of any kind dedicated to and accepted by the Association including open spaces and other ornamental features located within Deercroft Subdivision which may now exist or which may hereinafter be installed or constructed;
- (e) Aid and cooperate with the members of this Association in the enforcement of such conditions, declarations, rules and regulations and restrictions on and appurtenant to their property as are now in existence as well as any other conditions, covenants or restrictions as shall hereafter be approved by the Association;
- (f) Not engage in political activity or pursue political purposes of any kind or character.

**ARTICLE TWO
DEFINITIONS**

All terms defined in the Declaration of Restrictive Covenants of the Association recorded in the office of the Register of Deeds of Scotland County, North Carolina (as from time to time may be amended, being hereinafter referred to as the "Declaration"), shall have the same meanings when used herein.

**ARTICLE THREE
MEMBERSHIP AND VOTING RIGHTS**

Membership and voting rights of the Members shall be as provided in Article Six of the Declaration.

ARTICLE FOUR

MEETINGS OF MEMBERS

Section 1. Annual Meetings The regular annual meeting of the Members shall be held in June of each year at the day, at the hour, and at the place specified in the notice to the Members of the meeting. The rules contained in the current edition of *Robert's Rules of Order Newly Revised in Brief* shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order the Association may adopt.

Section 2. Special Meetings Special meetings of the Members may be called at any time by the President or a majority of the members of the Board of Directors or by Members entitled to ten percent (10%) of the votes appurtenant to the Lots.

Section 3. Place of Meetings Meetings of the Members shall be held at such place in Scotland County, North Carolina, as may be determined by the Board of Directors.

Section 4. Notice of Meetings As provided for in the Declaration, written notice of each meeting of the Members shall be given in accordance with Article Three, Section 3.2 of the Declaration. Notice shall be mailed or delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Such notice shall specify the place, day and hour of the meeting, contain an agenda of matters to be discussed and/or voted upon at the meeting, including without limitation, the nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, any proposal to remove a director, and, in case of a special meeting, the exact purpose of the meeting, including the text of any proposals to be voted on at such special 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 5. Quorum Except as otherwise provided in the Declaration (including, specifically, Section 8.6 of Article Eight) the presence at a meeting of Members or their proxies entitled to cast twenty percent (20%) of the votes appurtenant to the Lots shall constitute a quorum for any action. If, however, a quorum is not present or represented at any meeting, the Members or their proxies present and entitled to vote thereat shall have power to adjourn the meeting.

Section 6. Proxies At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be duly executed and filed with the Secretary. Every proxy shall be revocable by written notice of revocation signed by the person whose proxy is given and delivered to the Secretary of the Association prior to determination of a quorum at the meeting of Members. A Member's proxy shall be automatically revoked by and upon conveyance of such Member of his Lot. A proxy shall also automatically terminate on the earlier of the date specified in the proxy for termination or the date that is 11 months after its date.

Section 7. Inspectors of Elections If requested by any member, the President shall at the annual meeting appoint two persons, who need not be members, to serve as inspectors of election.

ARTICLE FIVE
BOARD OF DIRECTORS

Section 1. General Powers The business and affairs of the Association shall be managed by a Board of Directors, all of whom shall be Members in good standing of the Association.

Section 2. Number and Term The number of directors of the Association shall be seven (7): President, Vice-President, Treasurer, Secretary, Past President and two (2) additional directors. At each annual meeting the Members shall elect three (3) directors for two (2) year terms. The seventh member of the Board of Directors shall be the immediate past president, who shall serve an additional one (1) year term as an emeritus member of the board, with full voting rights. The president shall be chosen from those directors with one or more years service on the Board.

Section 3. Nomination Nomination for election to the Board of Directors shall be made by a Nominating Committee appointed by the Board of Directors. Nominations may also be made by any Member at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman and two or more Members of the Association, not currently serving in an elected office in the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine necessary, but the number of nominees must always be greater than the number of vacancies that are to be filled.

Section 4. Election Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the Members by written ballot. In such election, the Members, or their proxies, may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of the Declaration. The person(s) receiving the highest number of votes shall be elected. Neither cumulative nor fractional voting is permitted.

Section 5. Removal Any director may be removed from the Board, with or without cause, by a majority of the votes present and entitled to vote at any meeting of the Members called for that purpose.

Section 6. Vacancies A vacancy occurring in the Board of Directors shall be filled by a majority vote of the Board of Directors. The selectee shall serve the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Compensation No director shall receive compensation for any service rendered to the Association in the capacity of director. However, any director may be reimbursed for actual expenses incurred in the performance of duties.

Section 8. Resignation Any Director may resign at any time by giving written notice of such resignation to the Board of Directors.

ARTICLE SIX
MEETINGS OF DIRECTORS

Section 1. Regular Meetings Regular meetings of the Board of Directors shall be held on the second Tuesday of each month at 7:00 p.m.. The Directors may from time to time vote to change that meeting date when the scheduled date falls on a legal holiday or is otherwise unacceptable to a majority of the Directors. Rescheduled meetings will be in the same month as the cancelled meeting; must be announced in advance to the Members in residence; and may not total more than three (3) per year. The rules contained in the current edition of *Robert's Rules of Order Newly Revised in Brief* shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order the Association may adopt.

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, unless a shorter notice is agreed to by all directors.

Section 3. Meetings in Executive Session The Board may meet in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, imposition of fines, and orders of business where the privacy of Association Members is a concern. The Board may adjourn an open meeting and reconvene in executive session. The nature of any and all business to be considered in that executive session shall first be announced in open session.

Section 4. Quorum Four or more 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.

Section 5. Member Participation in Board Meetings All meetings of the Board except meetings in executive session shall be open to Association Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly authorized by the presiding officer.

Section 6. Notice of Regular and Special Meetings Methods of notice to Board Members shall be determined by the Board of Directors and recorded in the process for calling meetings. The Board shall place notice of meetings on community bulletin boards and other conspicuous places at least 48 hours prior to meetings.

Section 7. Informal Action by Directors Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 8. Participation Via Electronic Means A Director may participate in Board meetings by telephone conference or similar communication equipment provided that all discussion may be heard by all Directors and Members present.

ARTICLE SEVEN
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon and establishing penalties for infractions thereof, and adopt and publish rules and regulations interpreting the restrictions and covenants applicable to the Properties and the enforcement thereof;

(b) after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use the Common Areas and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of 30 days or longer;

(c) 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 without good cause;

(d) employ a manager and such other employees or independent contractors as it deems necessary and prescribe their duties, and contract with a management company to manage the operation of the Association. In the event that a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice;

(f) employ attorneys, accountants and other persons or firms to represent the Association when deemed necessary;

(g) grant easements to any private or public agency, authority or utility for the installation and maintenance of sewage, utility (including CATV) or drainage facilities upon, over, under and across any property owned in fee by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties;

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. The Board of Directors may, in its discretion, delegate any of its powers to a subcommittee of the Board, an officer of the Association, or a manager, agent or attorney employed by the Association, provided, however, that such delegation shall not relieve the Board of its obligation to ensure that the duties set forth in this Article Seven are faithfully carried out or that the powers so delegated are appropriately exercised by such delegate; and

(i) enter into such contracts as are necessary to improve and maintain all assets of the Association.

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

(a) cause to be kept accurate minutes of all meetings; and, make those minutes available to any Association member upon request at cost;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot;

(2) send written notice of such assessment to every Owner; and

(3) establish and enforce procedures for collection of assessments and for filing and enforcement of liens for unpaid assessments as provided in the Act;

(d) issue, or cause to be issued, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be established by the Board of Directors for the issuance of such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than \$1,000,000.00 and adequate hazard insurance on the real and personal property owned by the Association;

(f) procure and maintain directors and officers indemnity insurance;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) cause the Common Area and all facilities erected thereon to be maintained;

(i) establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements constructed on the Common Area;

(j) pay all ad valorem taxes and public assessments levied against the real and personal property owned in fee by the Association;

(k) hold annual and special meetings and elections for the Board of Directors; and

(l) prepare annual budgets and financial statements for the Association and make same available for inspection by the Members at all reasonable times.

Section 3. Enforcement Rights

(a) In addition to such rights as are granted in the Articles of Incorporation, the Declaration or these Bylaws, The Board of Directors is additionally empowered by the North Carolina Planned Community Act, as amended, to impose sanctions for violations (failure to comply) by an owner, a member of his family, or any occupant, tenant, employee, guest or invitee of the Owner, of the Declaration, these Bylaws, and rules and regulations adopted by the Board of Directors.

(b) The investigation and adjudication of “failure to comply” issues involving the Declaration, Bylaws and Rules and Regulations shall rest with an Adjudicatory Panel (AP). The AP will consist of not less than three (3) nor more than five (5) members of the Association who hold no elected office within the Association. The Board will appoint AP members for a five-year term. At inception, AP members shall be appointed to terms of one through five years. Thereafter, each appointment will be for a five-year term. AP members may serve not more than two consecutive terms. Vacancies on the AP shall be promptly filled by Board appointment. The term of appointment into a vacant position is limited to the balance of the term of the initial appointment. A member of the AP may be removed from office by majority vote of the Board of Directors seated in executive session convened for the specific purpose of a removal consideration. Decisions of the AP may be modified or set aside by majority vote of the Board of Directors convened in executive session for the expressed purpose of reviewing AP decisions.

(c) The AP may initiate an inquiry only upon receipt of a signed letter from an association member reporting a “failure to comply” issue regarding the Declaration, Bylaws or Rules and Regulations. Due to its oversight authority, the Board of Directors may not initiate “failure to comply” issues. Elected committees, or committees appointed by the Board, may initiate a “failure to comply” issue by forwarding a letter to the AP signed by the committee chairperson. Individual members of the aforementioned groups have access to the AP in the same manner as all members of the Association. The AP shall not adjudicate any issue under the purview of the Architectural Control Committee unless that committee requests AP assistance; or, the AP is so directed by majority vote of the Board of Directors.

(d) Any member of the Association may register a concern regarding a “failure to comply” issue involving the Declaration, Bylaws or Rules and Regulations by forwarding a signed letter to the AP. The complainant’s participation in the adjudication of a matter may be required in instances wherein the violation is neither continuing nor in the public view. In those instances when the violation remains in the public view, the identity of the complainant shall not be disclosed outside of the AP, unless ordered by judicial authority. AP members who initiate, or who are the subject of, a “failure to comply” issue must excuse themselves from deliberation and adjudication of the issue. Specifics regarding the initiation of “failure to comply” issues and operating procedures of the AP are detailed in the Association’s “Rules & Regulations Governing the Use of Community Property And Procedures For Enforcement Of The Restrictive Covenants, Bylaws and Rules and Regulations” (current edition). This document is available to any Association member from the Board of Directors.

Section 4. Additional Enforcement Rights Notwithstanding anything to the contrary in this Article, the Board may elect to immediately enforce any provision of applicable rules,

regulations, articles or Declaration, without the necessity of compliance with the procedures set forth herein, when such enforcement is approved by majority vote of the Directors to remedy a violation that: poses a threat to the safety, security or well being of any Association member; or, adversely impacts the peace and tranquility of Association members. Such actions include, but are not limited to, the towing of vehicles and removal of private property obstructing the use or hindering the maintenance of Association property, including roadways and road right of way.

ARTICLE EIGHT **OFFICERS AND THEIR DUTIES**

Section 1. Officers The Association's officers shall be President, Vice-President, Secretary, and Treasurer and these officers shall be chosen annually by the Directors at an organizational meeting convened for that purpose within one week of the annual meeting.

Section 2. Term of Office Officers shall be elected to a term of one year each. No officer shall be elected to more than three consecutive one-year terms.

Section 3. Vacancies When any office of the Association becomes vacant, the majority of Directors then in office, even if less than a quorum, shall elect an officer to fill the vacancy. The selectee shall serve the unexpired term of the departed Board member.

Section 4. President The President shall preside at all Association and Board meetings and shall exercise general charge and supervision of the affairs of the Association and Board; if directed by the Board, sign checks of the Association; and shall perform other duties as may be assigned by the Board.

Section 5. Vice-President When the President is absent, or if the President refuses to act, the Vice-President shall perform the duties of the President and when so acting, shall have the same powers and restrictions of that office.

Section 6. Secretary The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and Association; keep the corporate seal of the Association and affix it on all papers requiring a seal; shall serve notice of meetings of the Board and the Association; keep appropriate records showing the names and addresses of current Association Members; and perform other duties as required by the Board.

Section 7. Treasurer The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association and disburse such funds as directed by the Board; shall sign all checks and shall keep proper books of account; shall issue, or cause to be issued, all requested certificates setting forth whether the assessments applicable to a specific Lot have been paid; shall cause an audit of Association books when directed by the Board; shall prepare a proposed annual budget and a statement of income and expenditures to be presented to Members at the annual Association meeting, and shall deliver a copy of each to Members. The Treasurer shall keep a record containing the names, alphabetically arranged, and addresses of all Association Members and shall open this record to inspection as prescribed by law. The Treasurer shall perform all duties incident to the office, subject to the direction of the Board.

Section 8. Removal Any officer may be removed from office by a majority vote of Directors at any regular or special meeting called for that purpose, for nonfeasance, malfeasance, misfeasance, or conduct detrimental to the Association. Any officer proposed to be removed shall be entitled to at least five days notice in writing by mail of the Board meeting at which such removal is to be voted on and shall be entitled to appear before and be heard by the Board at that meeting.

ARTICLE NINE
COMMITTEES

Committees of the Board of Directors include the Architectural Control Committee (ACC), consisting of three Association members elected by the membership for three year terms. Members of the ACC may not serve in any other elected office of the Association during their tenure. Other committees include the Nominating Committee and the Adjudication Panel, previously referred to herein. Additionally, the Association shall maintain a Roads Committee, a Beautification Committee and a Lake Committee. The chairperson of each of these committees shall be appointed annually by the Board. The Board shall promulgate committee duties and responsibilities as necessary and may further dictate committee membership or defer to the chairperson. The Board may appoint other committees as it deems necessary to carry out the affairs of the Association.

ARTICLE TEN
BOOKS AND RECORDS

The books, records and papers of the Association shall, during reasonable business hours, be subject to inspection by any Member or their agent. 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 cost.

ARTICLE ELEVEN
ASSESSMENTS

As more fully provided for in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made.

ARTICLE TWELVE
MISCELLANEOUS

Section 1. Corporate Seal The Association shall have a seal in a circular form having within its circumference the words: Deercroft Subdivision Homeowners and Recreation Association, Inc.; and such seal is hereby adopted as the corporate seal of the Association.

Section 2. Amendments These Bylaws may be altered, amended or repealed at any meeting of the members of the Association by an affirmative vote of two-thirds (2/3) of all votes cast by

the members, represented either in person or by proxy at such meeting, provided that a full statement of the proposed amendment is inserted in the notice of such meeting that is provided to all Association members at least 10 days prior to the meeting.

Section 3. Conflicts In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 4. Indemnification Indemnification shall be provided for in accordance with the provisions of the North Carolina Nonprofit Corporation Act.

Section 5. Fiscal Year The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 6. Gender Any use of the masculine gender in these Bylaws shall be construed to include the feminine gender. Any use of the singular shall be construed, as appropriate, to include the plural.

Section 7. Certification The undersigned hereby certifies that he/she is the Secretary of the Deercroft Subdivision Homeowners And Recreation Association, Inc (the "Association"), and that the foregoing Bylaws of Deercroft Subdivision Homeowners And Recreation Association, Inc., have been duly adopted as the Bylaws of the Association as of the _____ day of _____, 200__.

_____, Secretary