

**BY LAWS**  
**of**  
**RESERVE GREEN HOMEOWNERS ASSOCIATION, INC.**

**A Non-Profit Corporation**

**INTRODUCTION**

Reserve Green Homeowners Association, Inc. (the Association) is a nonprofit Corporation formed under Chapter 55A of the North Carolina General Statutes. The certificate of incorporation was filed in the office of the secretary of state at Raleigh, North Carolina on April 4, 2003. Following the incorporation, Bylaws were adopted for the purpose of regulating and managing the affairs and functioning of the Corporation. The Declarant/developer of Reserve Green retained control of the Association until September 9, 2004, at which time and at a meeting of the owner/members a new Board of Directors constituted by owner/members was put in place and became the governing body of the Association. Thereafter at a meeting of the members, duly called on May 19, 2005, the members by a majority vote revoked in their entirety the then existing bylaws and , adopted these bylaws in their place.

**ARTICLE I**

**Name - Principal and Registered Office - Place of Meetings - Mail**

**Section I - Name** - The name of the corporation is Reserve Green Homeowners Association, Inc.

**Section 2 - Principal and Registered Office** - The Principal and Registered Office shall be at such place as is designated by the Board of Directors from time to time but which must always be within the post office district of Morehead City, North Carolina.

**Section 3 - Association Mailing Address** - Mailing to the residence address of the President shall be considered as mailing to the Association. It shall also be considered the Association address for the purpose of serving formal notices and other papers. The Board of Directors may maintain a post office box on the common property of the Association for the purpose of general mail receipt and the payment of monthly dues.

**Section 4 - Place of Meetings** - The Board of Directors shall designate the place for all Directors and membership meetings. Such meetings must be held in close proximity to the Reserve Green development. Under the same restriction, committee chairpersons shall designate the place for their meetings.

**ARTICLE II**

**Directors**

**Section 1- Number of Directors** - The number of Directors shall be five.

**Section 2 - Qualifications** - A Director must maintain a Reserve Green unit as his/her principal residence and must be a member of the Association (requires title ownership).

**Section 3 - Term of Office** - At the first membership meeting following the adoption of these bylaws, the members shall elect two (2) Directors for a term ending December 31, 2006 and three (3) Directors for a term ending December 31, 2007. Thereafter, Directors shall be elected at each annual meeting of members to fill the expiring terms and the newly elected Directors shall serve a term of two (2) years. All Directors

shall hold office until their successors are elected. Directors may be elected to succeed themselves in office. By majority vote the Directors shall select their chairperson.

**Section 4 - Vacancies** - If a Directorship becomes vacant due to the death, resignation or removal of a Director or for any other reason, the Board of Directors by majority vote shall appoint a member of the Association to fill the remainder of the Directorship's term. At the meeting of the Board of Directors to fill the vacancy, a quorum shall not be required. A Director who has been removed by the members shall not qualify for such an appointment.

**Section 5 - Removal from Office** - A Director may be removed from office by an appropriate membership vote at a special meeting. Removal may be with or without cause.

**Section 6 - Powers of the Board of Directors** - The Board of Directors shall be responsible for the business and the affairs of the Association and shall have the powers and duties necessary for their administration. Except as they might be prohibited by these Bylaws, the Articles of Incorporation or the recorded Declaration, they shall have the right to exercise all the statutory powers set forth in the Non Profit Corporation Act of North Carolina.

**Section 7 - Duties of the Board of Directors** - The duties of the Board of Directors shall include but shall not be limited to the following:

- (a) Conduct an annual meeting.
- (b) Appoint officers.
- (c) Appoint all committees as they deem necessary and as are specifically provided for in these bylaws or the recorded declaration.
- (d) Designate the depository for Association funds.
- (e) Prepare a budget and submit the same for member approval, all in accordance with Section 47F-3-103 of the North Carolina Planned Community Act.
- (f) Prepare periodic financial reports, at least quarterly.
- (g) Maintain an up to date membership list and make the same available for copying at all times at a reasonable cost.
- (h) Cause to be kept a complete record of all its acts and corporate affairs and minutes of all its meetings. Members shall have the right to inspect these records and have copies made at a reasonable cost to them.
- (i) Furnish upon demand by any person, a certificate signed by an Officer of the Association setting forth whether the dues, assessments, fines or penalties on a specific unit have been paid. A properly executed certificate of the Association as to the status of charges against a unit is binding on the Association as of the date of its issuance.
- (j) Establish and submit the common charges for each fiscal year to the members by December 1<sup>st</sup> of each year and conduct the meeting and vote for approval, if required, all as provided in the Declaration (Art VII Sec 3).
- (k) Obtaining and maintaining insurance against casualties and liabilities as well as Directors Insurance and paying the premium cost thereof.

- (l) Provide for the care, upkeep and maintenance of all areas that are the responsibility of the Association.
- (m) Enforce the provisions-of the Declaration, these Bylaws and any agreement to which the Association is a party.
- (n) Adopt and amend rules and regulations.
- (o) Suspend member's voting rights for non-payment of dues, fines, penalties or assessments.

**Section 8 - Prohibitions and Limitations on Director's Powers** - The Directors are prohibited from performing the following acts:

- (a) Borrow money or mortgage assets without the approval of eighty percent (80%) of the total Association membership.
- (b) Designate a meeting place outside of the Morehead City post office district.
- (c) Make charitable contributions or donations without the approval of two thirds of the total Association membership.
- (d) Paying a salary or similar payments to themselves, the officers or committee appointees. They can make reimbursements for actual out of pocket expenses incurred by those persons in performing Association business.
- (e) Making service contracts for a period of more than one year.
- (f) Make, adopt or amend bylaws.

## **ARTICLE III**

### **Officers**

**Section 1 - Number and Titles** - The officers of this Association shall be a President, Vice-President, Secretary and Treasurer. Only the offices of Secretary and Treasurer may be held by the same person at the same time.

**Section 2 - Qualifications** - An officer must be a member of the Association or married to a member. A Director may also be an officer.

**Section 3 - Election and Term** - The officers of the Association shall be appointed at the first meeting of the Board following each annual meeting of the members and shall hold office for one (1) year unless he/she shall sooner resign, be removed or otherwise disqualified to serve.

**Section 4 - Resignation and Removal** - Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any officer may be removed from office with or without cause by the Board. If a person is both an Officer and a Director, the removal as an Officer shall not constitute removal as a Director. Members may not remove Officers under any circumstances.

**Section 5 - Vacancies** - A vacancy in any office may be filled by appointment by the Board and the person appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

## Section 6 - Duties

- (a) **President** - The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Board of Directors. The President shall, subject to the control of the Board, supervise the management and control of the affairs of the Association in accordance with the Articles of Incorporation, the Declaration and these Bylaws.
- (b) **Vice-President** - 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. In addition, the Vice President shall perform such other duties and have such other powers as the Board of Directors shall prescribe.
- (c) **Secretary** - The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members, keep appropriate current records showing the names of the members together with their addresses; have general charge of the books and records of the Association. In addition, the Secretary shall such other duties as the President or Board may assign from time o time.
- (d) **Treasurer** - The Treasurer shall have the responsibility for the Association's fiends and securities. The Treasurer shall be responsible for keeping Rill and accurate financial records and books of account showing all receipts and disbursements; preparing all required financial statements and tax returns; for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may be designated by the Board. With approval of the Board, the Treasurer shall have the power to delegate to an accountant some of the duties necessary to fulfill the responsibilities enumerated in this section and to supervise performance of the duties so delegated.

## ARTICLE IV

### Committees

**Section 1 - General** - In addition to the committees specifically established in these Bylaws, committees to perform specific tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each such committee shall be composed and shall operate in accordance with the terns of the resolution of the Board establishing the committee.

**Section 2 - Appointment** - The Board shall appoint all members of every committee, standing or otherwise. No Director shall be appointed as a member of any committee. The committee members shall choose their own chairperson.

**Section 3 - Removal** - Committee members serve at the pleasure of the Board and may be removed by a majority vote of the members of the Board with or without cause at any time and with or without a successor being named.

**Section 4 - Standing Committees** - There shall be three (3) standing committees, Insurance - Architectural Control- with duties as follows:

- (a) **Audit Committee** - The number of persons to serve on this committee shall be designated by the Board. This committee shall review periodically all financial

statements submitted by the Treasurer for appropriateness of all receipts and expenditures. They shall also periodically review checkbook records and bank statements for accuracy and compliance with Board authorizations. At each annual meeting it shall report the results of its reviews and submit for consideration any of their suggestions for changes in the format of financial statements or the method of handling receipts or expenditures. If at the time of the annual meeting the committee is satisfied as to the accuracy of the Treasurer's financial records for the prior period they shall request that the members approve a motion to that effect.

- (b) **Insurance Committee** - The number of persons to serve on this committee shall be designated by the Board. The primary function of this committee shall be to determine that all owners have in full force and effect a general premises liability, casualty and property damage insurance policy as is required by Article VIII Section 1 of the recorded Declaration. With each owner's insurance agent, they should attempt to arrange an annual submission to the Association of a certificate of insurance showing compliance with the Declaration requirements. They shall report non-compliant owners to the Board for appropriate enforcement action. In addition, they shall review all insurance policies obtained by the Board on behalf of the Association for adequacy of coverage as required by Section 47F3- 113 of the Planned Community Act. They shall explore with various agents and companies the possibilities of improved coverage and premium rates. They shall report their recommendations to the Board for possible implementation.
- (c) **Architectural Control Committee** - The Architectural Control Committee is a committee (the only one) established in the recorded Declaration. It serves as a building and landscape control committee. The number of persons to serve on this committee is three (3) and their powers and duties are extensive. The detail thereof is found in Article XI Sections 1 to 4 and Article VI Sections 9, 23 and 13. The committee may enlist associate members who will not have the privilege of voting on any committee matters.

## ARTICLE V

### Meetings, Quorum, Voting

**Section 1-Voting-** All persons in title ownership of a unit are members of the Association. However, regardless of the number of persons in title to a unit only one vote can be cast for each unit. Reference in these Bylaws to members voting is always subject to that restriction regardless of the type of meeting or purpose of the vote. Therefore the maximum number of votes that may be cast at anytime for any purpose is 36. Whenever in these Bylaws there is a requirement for a percentage of member votes or a member count for quorum purposes it is also always based on one vote or count for each unit. If there is a dispute as to the right to vote between persons claiming unit ownership, the Board may require proof of ownership by affidavit under oath or set aside that vote at its discretion. The Board or President or any member may require any voter to specify the unit number the vote is being cast for. Section 2 - Proxy - At all meetings of members, each member may vote in person or by proxy. All proxies shall be filed with the Secretary before the appointed time of each meeting. Any proxy not dated shall be void. Every proxy shall be revocable and shall automatically cease upon conveyance of the member at his/her Unit, a written revocation, death of the member, or upon the expiration of eleven (11) months from the date of the proxy or at an earlier date if so specified in the proxy. A member not present but voting by proxy is considered present for quorum purposes.

**Section 3 - Cumulative Voting** - Cumulative voting shall not be allowed at any meeting.

**Section 4 - Place of Meetings** - The Board shall designate the place for meetings, which must be within the post office district of Morehead City. This shall apply to director, regular or special member meetings.

**Section 5 - Special Meeting - Subject Matter** - At a special meeting of members; whether called by the Board or members, the notice of that meeting shall specify the subject matter to be considered and voted upon. No other subject matter may be considered or voted upon at that meeting. The written notice shall be given to the members by mail to their residence address to be received between 10 to 15 days prior to the meeting. Special meetings may be called by (a) the President, or (b) a majority of the Board, or (c) by a petition specifying the subject matter to be considered and signed by members owning 4 units (10%) and delivered to the Secretary or President. In the event the subject matter of the meeting is to make additions, deletions, amendments or modifications to the Bylaws, then the quorum requirements for such purpose as hereinafter provided in section 10-C shall apply. In addition, the affirmative vote of (90) per cent of the member units present shall be required for approval.

**Section 6 - Informal Board Meetings** - The Board may meet in informal sessions without giving notice to the members and without allowing members to be present. However at such meetings no motions may be voted upon and no formal approval may be given to any subject matter.

**Section 7 - Regular Board Meetings** - The Board may hold regular meetings as it determines. Notice of such meetings shall be given at least one day prior to the meeting. Posting of the time and place of the meeting by billboard or other means at the mailbox pavilion shall be deemed adequate notice to all members. Such notice need not specify any agenda or subject matter to be considered by the Board. All members shall have the right to attend such meetings and may participate in the deliberation only to the extent, if at all, allowed by the Board.

**Section 8 - Annual Meeting** - The time and place of the annual meeting shall be fixed by the Board to occur between November 15th and 20th of each year. Written notice thereof shall be given to the members by mail to their residence address to be received between 10 to 15 days prior to the meeting. This notice shall set forth the proposed agenda and any propositions the Board will submit for member approval. The deliberations at that meeting shall not be limited to the items set forth in the notice. Any matters that are appropriate for the Board or members to vote upon may be considered and voted upon.

**Section 9 - Action by Written Ballot** - Any action that may be taken at any annual, regular or special meeting of members may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter and approval is obtained in accordance with the further requirements of Section SSA-7-08 of the Non-Profit Corporation Act.

**Section 10 - Quorum** - The quorum requirements for various meetings shall be as follows:

- (a) None shall be required for the purpose of voting on the budget.
- (b) Three (3) persons shall be required for Directors meetings (none for informal meetings).
- (c) Twenty two (22) of the unit votes shall be required for a meeting to consider bylaw additions, deletions, amendments or modifications.
- (d) Twelve (12) of the unit votes shall be required at all other regular or special or annual meetings.

- (e) If a meeting is adjourned for lack of a quorum, at the adjourned meeting at which a quorum is present, any business which might have been transacted at the original meeting may be transacted without further notice.

## ARTICLE VI

### Complaints - Fines - Penalties

**Section 1 - Basis** - Statutory law provides that a Planned Community Board may pass rules and regulations and may set up procedures to receive complaints of member violations of the rules, regulations, bylaws, declaration and covenants. They may conduct hearings of these complaints so that an adjudicative determination can be made and, in appropriate situations, levy fines or penalties against offending members. Any fines or penalties levied become liens against the member's unit and can be enforced against the property.

**Section 2 - Hearing Body** - The Board can appoint a separate adjudicatory body to hear and decide all complaints and in the event they fail to do so, the Board shall serve as such body.

**Section 3 - Complaints** - Complaints of violations of the rules, regulations, bylaws, declaration or covenants by a member or members may be made by any other member or members or by the Board. Members shall be responsible for the violations by non-member resident occupants of their unit.

**Section 4 - Procedure** - The complaining party must submit to the Board a written complaint specifying the alleged violation in sufficient detail so that the nature of the complaint can be readily understood. Within five (5) days thereafter the Board must either (a) dismiss the complaint as frivolous or unworthy of a hearing, or (b) forward a copy of the complaint to the alleged violator with notice of a hearing to be held within fourteen (14) days thereafter, specifying the time and place for such hearing. A similar notice shall be mailed to the complainant. At the hearing, any party may be represented by an attorney, produce witnesses or present evidence. The right to examine and cross-examine shall be given to all parties as well as the Board. At the conclusion of the hearing or within three (3) days thereafter, the Board shall make its determination and, if appropriate, assess a fine and promptly advise all parties thereof. The above procedure shall apply and be conducted by the separate adjudicative body if one has been appointed by the Board.

**Section 5 - Fines and Penalties** - Every adjudicated violation does not require the imposition of a monetary penalty. The Board (or the separate adjudicative body) shall have the discretion to give letters of admonition or warning in lieu of monetary penalties. They may also attempt to bring about a reconciliation of disputing parties without a finding of guilt. However, if it is decided that a fine should be imposed, a fine not to exceed one hundred fifty dollars (\$150.00) may be imposed for the violation and without further hearing for each day after the decision that the violation occurs. The Board may assess a fine but delay its imposition for the purpose of giving the violator time to take corrective measures.

## ARTICLE VII

### Miscellaneous

**Section I - Fiscal Year** - The fiscal year for the Association shall be the calendar year.

**Section 2 - Checking Signatures** - All checks, drafts or other orders for the payment of money issued in the name of the Association must be signed by any two (2) of the following officers: President, Secretary or Treasurer.

**Section 3 - Transfer and Copying Fees** - In the event there is a title transfer of a unit; the transferee shall be charged a fee of twenty five dollars (\$25.00) for the purpose of amending Association records. The Board may set reasonable fees for the purpose of copying documents and records.

**Section 4 - Budget Disapproval** - In the event the members do not approve a budget submitted by the Board, the prior budget in effect at that time shall be the budget for the upcoming fiscal year.

**Section 5 - Inspection and Copying** - A member is entitled to inspect and copy Association records as provided for and in compliance with Section 55A-16-02 of the Non-Profit Corporation Act.

**Section 6 - Dues Increase** - The Board shall have the right to increase the regular, periodic annual dues by not more than ten per cent (10%) above the amount established for the current fiscal year and without membership consent. Any increase above that shall require approval of not less than two thirds majority vote of members present and voting in person or by proxy at an annual meeting or at a special meeting called for that purpose.

**Section 7 - Conflict** - In the event, any provision of these bylaws is in conflict with provisions of the Planned Community Act or the recorded Declaration, then the latter shall prevail over the Bylaw provision. In the event, any provision of these Bylaws is declared invalid, the validity of the remaining Bylaw provisions shall not be affected.

**Section 8 - Director Nominations** -After the Director election held in the year 2005, the Board shall, between thirty (30) and sixty (60) days prior to the annual meeting, designate a nominating committee whose duty shall be to present a list of candidates for the position of Director(s). Such list may contain more names than there is open positions. The list shall be disseminated to the members at least one (1) week prior to the meeting. At the meeting additional persons for each Director position to be filled may be nominated from the floor.

**Section 9 – By-Laws Non-Exclusive** - These bylaws are not intended to be of inclusive setting forth the powers, obligations, rights and d duties of the Association, Directors, Officers, Committee and Association m embers. Matters not covered by these may be contained or set forth in the Non-Profit Corporation Act or the Planned Community Act or the recorded Declaration. In such cases, appropriate provisions therein Shall apply as if they had been specifically set forth in these bylaws. In cases where it is imperative that certain decisions must be made but specific applicable provisions cannot be found in these bylaws or in the other sources mentioned, then the Board shall have the discretion to make its own determination and decision.

These bylaws have been duly adopted by the Reserve Green Members at a meeting held on the 19<sup>th</sup> day of May, 2005 and are effective as of the 19<sup>th</sup> day of May, 2005.

*Certified to by the Secretary*