

BYLAWS OF

Ashton Place At Brunswick HOA, INC.

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ARTICLE 1. INTRODUCTION

These are the bylaws of Ashton Place At Brunswick HOA, INC. also referred to herein as the "Association". Capitalized terms used herein shall have the meaning set out in the Declaration of Covenants, Conditions and Restrictions for Ashton Place At Brunswick HOA, INC. (the "Declaration") unless otherwise defined in these Bylaws.

ARTICLE 2. BOARD OF DIRECTORS

Section 2.1. Number and Qualification:

- a. The affairs of the Association shall be managed by a Board of Directors, also referred to as the Board or the Executive Board, consisting of not less than one or more than five directors. During the period of Declarant control, all Directors shall be appointed by the Declarant and may or may not be members of the Association. Following the period of Declarant control, all Directors shall be elected by the Lot Owners and all Directors so elected shall be the owner of one or more lots in the Association. If any Lot is owned by a partnership or corporation, any officer, partner or employee of that Lot Owner shall be eligible to serve as a Director and shall be deemed to be a Lot Owner for the purposes of the preceding sentence.
- b. At the termination of the Declarant Control Period provided for in the Declaration, the Lot Owners shall elect a Board of Directors consisting of three or five members. In order to establish staggered terms for the Directors (two Directors elected one year and three Directors elected the next year) the first election shall be conducted such that the two Directors receiving the least number of votes shall be elected to serve a one year term or until the next annual meeting, whichever occurs first, and the remaining three Directors shall be elected to serve a two year term or until the second annual meeting following the first election, whichever occurs first. At the first annual meeting following the first election and at each annual meeting thereafter, Directors shall be elected to serve a two year term.

Section 2.2. Powers and Duties. The Board may act in all instances on behalf of the Association, except as specifically prohibited by statute, the Articles of Incorporation or the Declaration, its charter these Bylaws or the laws of North

Carolina. The powers and duties of the Board shall specifically include, but not be limited to, the following:

Powers.

- a. To make and collect general, special and individual assessments and establish the time within which payment of such assessments are due;
- b. To use and expend the assessments collected to maintain, care for, manage and preserve the Common Areas, except those portions thereof which are required to be maintained, cared for and preserved by the Owners;
- c. To Procure, maintain and pay premiums on, insurance policy(s) and equitably assess the members as part of the Common Expenses;
- d. To contract for the management of the Association and to delegate to such manager, employee or contractor all powers and duties of the Association except those specifically required by the Declaration to have specific approval of the Board of Directors or the membership of the Association;
- e. To employ and compensate such personnel as may be required for the maintenance and preservation of the property, including but not limited to accountants, architects, attorneys and contractors;
- f. To make and amend rules and regulations governing the properties within the Association including but not limited to Common Areas, Limited Common Areas, Lots, facilities and the conduct of the Lot Owners, their tenants and guests;
- g. To enforce the provisions of the Bylaws, the Articles of Incorporation, the Declaration and the rules and regulations promulgated thereunder by any legal means including the denial of a Lot Owner's right to the common areas and facilities as well as the assessment of penalties, which shall include but not be limited to fines for violations and late charges for delinquent accounts.
- h. To acquire, rent or lease a Lot in the name of the Association or its designee;

- i. To enter into alternative dispute resolution, including mediation and arbitration;
- j. To adopt an annual budget for the Association;
- k. To impose and receive any payments, fees or charges for the use, rental or operation of the Common Areas or Elements.
- l. To purchase equipment, supplies and materials required in the maintenance, repair, replacement, operation and management of the property over which the Association has responsibility;
- m. To pay bills for goods and services required in meeting the responsibilities of the Association;
- n. To foreclose any unpaid assessments and liens resulting therefrom against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the member, or former member, personally obligated to pay the same;
- o. To exercise all authority in connection with Common Area and Lot use restrictions, including but not limited to the authority to enforce use restrictions applicable to Common Areas and Lots, to enact rules and regulations relating to the use of Common Areas and Lots by Lot Owners, tenants, guests and others and to establish and collect fines for breaches of such restrictions and the rules and regulations.
- p. To exercise all authority to grant easements over the Common Areas;
- q. To delegate to any person or entity any powers not prohibited by law, the Articles of Incorporation, or the Declaration to be delegated;
- r. To sue and be sued, complain and defend in the Association name;
- s. To have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it;
- t. To purchase, receive, lease or otherwise acquire and own, hold, improve, use, and otherwise deal with, real or personal property, or any legal or equitable interest in property, wherever located;
- u. To sell, convey, mortgage, pledge, lease, exchange and otherwise dispose of all or any part of its property, subject to the provisions in the Declaration;

- v. To purchase, receive, subscribe for, or otherwise acquire; own, hold, vote, use, sell, mortgage, lend pledge or otherwise dispose of and deal with shares or other interests in, or obligations of, any other entity;
- w. To make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge on any of its property, franchises or income;
- x. To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;
- y. To make donations for the public welfare or for charitable, religious, cultural, scientific or educational purposes, and to make payments or donations not inconsistent with law for other purposes that further the Association's interest;
- z. To exercise all other powers that may be exercised in this state by legal entities of the same type as the Association;
- aa. To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise;

Duties. The duties of the Board of Directors shall be as follows:

- a. To cause the Common Areas to be maintained, repaired and replaced as necessary, and to assess the members to recover the cost of the upkeep of the Common Areas;
- b. To keep a complete record of all its acts and corporate affairs and present a statement thereof to the membership at the annual meeting, or at any special meeting when such statement is requested in writing by 20% of the members;
- c. To supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- d. To fix the amount of the annual assessment at least thirty (30) days in advance of each annual assessment period based on the projected budget for the annual assessment period and pursuant to the provisions set forth in the Declaration;

- e. To send written notice of each assessment to every member at least thirty (30) days in advance of the due date for each annual assessment;
- f. To issue, or have issued for a reasonable charge, a certificate setting forth whether or not any assessment has been paid; provided, however, that if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all parties except the member and Lot Owner as of the date of the certificate;
- g. To procure and maintain at all times, hazard insurance on the property owned by the Association as well as all property for which the Association has a duty to maintain, and liability insurance which, in the Board's judgment, is adequate to protect the Association;
- h. To hold the Organizational meeting of the newly elected Board of Directors within ten (10) days of their election;
- i. To pay all taxes and assessments against Association Property;
- j. To select depositories for the Association's funds and to determine the manner of receiving, depositing and disbursing Association funds and the form of check and the person or persons by whom the same shall be signed as otherwise provided in these Bylaws;
- k. To assume upon recordation of a map showing any real property within Ashton Place At Brunswick HOA, INC., all water, sewer, land use and utility permits, agreements and easements between the Declarant and any governmental agency or department or public or private utility company, including all duties, obligations, rights and privileges of the Declarant under such permits, agreements and easements even if the systems and areas covered by the permits, agreements and easements are not located within Ashton Place At Brunswick HOA, INC.; and
- l. Such other duties as may from time to time be deemed necessary that are not otherwise prohibited by statute, the Articles of Incorporation or the Declaration.

Section 2.3. Standard of Care. In the performance of their duties, the officers and members of the Board shall be deemed to stand in a fiduciary relationship to the Association and the Lot Owners and shall discharge their duties in good

faith, and with that diligence and care which ordinarily prudent men would exercise under similar circumstances in like positions.

Section 2.4. Removal of Directors. During the Period of Declarant Control, Directors may only be removed by the Declarant. Thereafter, the lot owners, by a majority vote of all persons present and entitled to vote at any meeting of the lot owners at which a quorum is present, may remove any member of the executive board with or without cause, other than a member appointed by the declarant.

Section 2.5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Lot Owners may be filled at a special meeting of the Board held for that purpose at any time after the occurrence of any such vacancy. The right of the Directors to fill vacancies shall remain even though the number of Directors remaining on the Board is less than the number of Directors required to constitute a quorum of the Directors if all of the Director positions were filled. Vacant positions may be filled in the following manner:

- a. As to vacancies of Directors whom Lot Owners other than the Declarant elected, by a majority of the remaining such Directors constituting the Board.
- b. As to vacancies of Directors whom the Declarant has a right to appoint, by the Declarant.

Section 2.6. Regular Meetings. The first regular meeting of the Board following each annual meeting of the Lot Owners shall be the organizational meeting and shall be held immediately following the annual meeting or within ten days thereafter. At the organizational meeting, the officers of the Board shall be elected by the Directors thereof and shall serve a term of one year or until their successor shall be elected. The time and date of the first regular meeting shall be fixed immediately following the annual meeting and no additional notice shall be required. In addition to the election of officers, the newly constituted Board may set a schedule of regular meetings by resolution and no further notice is necessary to constitute such regular meetings except such notice as may be required by the Declaration.

Section 2.7. Special Meetings. Special meetings of the Board may be called by the President or by a majority of the Directors on at least Three (3) business days' notice to each Director. The notice shall be hand-delivered, mailed, sent via facsimile or electronic mail provided that confirmation of electronic transmission is retained and presented as proof of notice at the Special Meeting called thereby.

Section 2.8. Meetings to Fix Annual Assessments and Special Assessments. Meetings to fix Assessments may, upon giving of the required notice, be held at the annual meeting or at any special meeting of Lot Owners.

Section 2.9. Location of Meetings. All meetings of the Board shall be held within Brunswick County, unless circumstances prevent a meeting from being held in that location, in which case the meeting shall be held at such place within the state of North Carolina as the Board of Directors shall determine.

Section 2.10. Waiver of Notice. Any Director may waive notice of any meetings in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice. If all the Directors are present at any meetings, no notice shall be required and any business may be transacted at such meeting.

Section 2.11. Quorum 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 meeting. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present any business which may have been transacted at the meeting originally called may be transacted without further notice.

Section 2.12. Compensation. Directors shall serve without compensation, but may be reimbursed by the Association, following approval of the Board, for necessary expenses actually incurred in connection with his or her duties.

Section 2.13. Consent to Association Action. If all of the Directors or all of the committee members of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, such action shall be valid Association action as though it had been authorized at a meeting of the Board or the committee, as the case may be. The Secretary shall file such consents with the minutes of the meetings of the Board.

ARTICLE 3. LOT OWNERS

Section 3.1. Annual Meeting. Annual meetings of the Lot Owners shall be held each year on the date specified in the Notice of such meeting. At such meeting, the Directors shall be elected by ballot of the Lot Owners. The Lot Owners may transact other business at such meetings as may properly come before them.

Section 3.2. Special Meetings. Special meetings of the Lot Owners may be called by the President, by a majority of the members of the Board or by Lot

Owners comprising Twenty percent (20%) of the votes in the Association as evidenced in a duly prepared petition stating the matter(s) to be addressed at the special meeting and bearing the names, addresses and dated signatures of the petitioners when presented to an officer of the Board. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.3. Place of Meeting. Meetings of the Lot Owners shall be held at a facility within Brunswick County or the State of North Carolina as the Board deems appropriate for the purpose of the meeting or the prevailing circumstances at the time.

Section 3.4. Notice of Meetings. Except to the extent otherwise provided in the Declaration, not less than ten (10) nor more than sixty (60) days in advance of the meeting, the Secretary shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address contained in the records of the Association for the Lot Owners.

Section 3.5. Waiver of Notice. Any Lot Owner may, at any time, waive notice of any meeting of the Lot Owners in writing, and such waiver shall be deemed equivalent to receipt of such notice.

Section 3.6. Adjournment of Meeting. At any meeting of the Lot Owners, a majority of the Lot Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.7. Order of Business. The order of business at all meetings of the Lot Owners shall be as follows:

- a. Roll call;
- b. Proof of notice of meeting;
- c. Disposition of minutes of preceding meeting;
- d. Reports;
- e. Election of Directors (when Required);
- f. Ratification of budget (if required and noticed);
- g. Unfinished business;
- h. New business; and
- i. Adjournment.

Section 3.8. Voting

- a. If only one of several Owners of a Lot is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to the Lot. If more than one of the Owners is present, the vote allocated to the Lot may be cast only in accordance with the agreement of a majority in interest of the Owners. There is a majority agreement if any one of the Owners cast the vote allocated to the Lot without protest being made promptly to the person presiding over the meeting by another Owner of the Lot.
- b. The voting allocated to a Lot may be cast under a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of a Lot may vote or register protest to the casting of a vote by the other Owners of the Lot through a duly executed proxy. A Lot Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over the meeting of the Association. A proxy is void if it is not signed and dated or purports to be revocable without notice. A proxy is valid only for the meeting for which it is issued and any adjournment thereof.
- c. The vote of a corporation or a business trust may be cast by any officer of such corporation or business trust in the absence of express notice of the designation of a specific person by the Board or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified so to vote.
- d. Votes allocated to a Lot owned by the Association may not be cast.

Section 3.9. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, ten percent (10%) of the Lot Owners within the development must be present in person or by proxy at any meeting of the Lot Owners in order to constitute a quorum at such meeting. In the event business cannot be conducted for lack of a quorum, the meeting can be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. The required quorum at a subsequent meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent from that required at the previous meeting, as previously reduced, until such time as a Quorum is present and business can be conducted. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 3.10. Majority Vote. The vote of a majority of the Lot Owners present in person or by proxy at a meeting at which the required quorum shall be present shall be binding upon all Lot Owners for all purposes except where a higher

percentage vote is required in the Declaration, these Bylaws or the corporate laws of North Carolina.

ARTICLE 4. OFFICERS

Section 4.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in its judgment may be necessary. Any two offices may be held by the same person except the offices of President and Secretary. All officers shall be Directors.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for that purpose.

Section 4.4. President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Lot Owners and of the Board. He or she shall have all the general powers and duties which are incident to the office of President of a non-profit corporation organized under the laws of the State of North Carolina, including but not limited to the power to appoint committees from among the Lot Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. He or she may fulfill the role of Treasurer in the absence of the Treasurer. The President, as attested by the Secretary, may cause to be prepared and may execute amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Secretary 4.5. Secretary. The Secretary shall keep the minutes of all meetings of the Lot Owners and the Board. He or she shall have charge of such books and papers as the Board may direct and he or she shall, in general, perform all the duties incident to the office of Secretary of a non-profit corporation organized under the laws of the State of North Carolina. The Secretary may cause to be

prepared and may attest to the execution by the President, amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.6. Treasurer. The Treasurer shall have the responsibility for the Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all the receipts and disbursements, and for the preparation of all required financial data. He or she shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Board, and he or she shall, in general, perform all the duties incident to the office of Treasurer of a non-profit corporation organized under the laws of the State of North Carolina. He or she may endorse on behalf of the Association for collection only, checks, notes and other obligations, and shall deposit the same and all monies in the name of and to the credit of the Association in such banks as the Board may designate. He or she may have custody of and shall have the power to endorse for transfer on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others.

Section 4.7 Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by the President or Vice President of the Association or by such other person or persons as may be designated by the Board.

Section 4.8 Compensation. No officer of the Association shall receive compensation for acting as such but may be reimbursed by the Association for necessary expenses actually incurred in connection with his or her duties.

Section 4.9 Resale Certificates and Statements of Unpaid Assessments. The Treasurer, Assistant Treasurer, manager or a managing agent employed by the Association, may prepare, certify, and execute statements of unpaid Assessments for which a reasonable fee may be charged. The Association may refuse to furnish resale certificates and statements of unpaid Assessments until the fee is paid.

ARTICLE 5. ENFORCEMENT

The powers and remedies of the Association for violation of the Declaration, the Articles of Incorporation, these Bylaws or any Rules and Regulations adopted by it are set forth in the Declaration.

ARTICLE 6. INDEMNIFICATION

The Directors and officers of the Association shall be entitled to indemnification as provided in Chapter 55A (the Non-Profit Corporation Act) of North Carolina General Statutes, the provisions of which are incorporated herein by reference.

ARTICLE 7. RECORDS

Section 7.1 Records. The Association shall keep the following records:

- a. An account for each Lot which shall designate the name and address of each Lot Owner, the amount of each assessment including regular assessment, special assessment, fine, interest charge or other charge for which the Lot Owner is responsible and the dates on which each Assessment comes due, the amounts paid on the account, and the balance due.
- b. A record of any capital expenditures approved by the Board.
- c. A record of the amount , and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specified project.
- d. Balance sheets and income and expense statements of the Association.
- e. The current operating budget.
- f. A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is defendant.
- g. A record of insurance coverage provided for the benefit of Lot Owners and the Association.
- h. Tax returns for state and federal income taxation
- i. Minutes of proceedings of Lot Owners, Directors, committees of Directors and waivers of notice.

Section 7.2 Examination. Records maintained by the Association shall be available for examination and copying by any Lot Owner, or by any holder of a security interest in a Lot, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice to the extent required by applicable statute.

ARTICLE 8. MISCELLANEOUS

Section 8.1 Notices. All notices shall be in writing. All notices to the Association or the Board shall be delivered to the office of the manager, or if there is no manager, to the office of the Association, or to the residence address of any member of the Board. Except as otherwise provided, all notices to any Lot Owner shall be sent to his or her address as it appears in the records of the Association. All notices to mortgagees shall be sent to their respective addresses, as designated by them from time to time, in writing, to the Association. All notices shall be deemed to have been given when mailed except notices of changes of address which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 8.3 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Office. The principal office of the Association shall be at the Planned Community or at such other place as the Board may from time to time designate.

Section 8.5 Amendment. During the Period of Declarant Control, these By-Laws may be altered, amended or rescinded by the Board of Directors. Thereafter, these By-Laws may be amended at a duly called meeting of the Lot Owners following an affirmative vote on the amendment by a majority of the Board of Directors. The notice of the meeting shall contain a full statement of the proposed amendment. Amendments must be approved by an affirmative vote of a majority of all the Lot Owners in the Association entitled to vote. Directors and Lot Owners not present in person at the meeting considering the proposed amendment may cast their votes for such proposal in writing, provided such votes are delivered to the Secretary of the Association or designee at or prior to the meeting.

So long as there is Class B membership in the Association, any amendment of these Bylaws must be approved by HUD/VA if either of those agencies has approved the making, insuring or guaranteeing of loans within the Development.

Section 8.6 Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any

conflict between the Declaration and these Bylaws, the Declaration shall control.

The foregoing Bylaws are certified to be the Bylaws adopted by consent of the Directors of Ashton Place At Brunswick HOA, INC. dated June 28, 2010.

Ashton Place At Brunswick HOA, INC.

By: 
Secretary