

KINGS ERANT

CURRENT  
BY-LAWS  
OF  
KGC HOMEOWNERS, INC.

A Corporation not for profit under the  
laws of the State of North Carolina

Article I

PURPOSES AND OBJECTIVES

The purpose of the corporation shall be the management of a homeowner's association for the KGC HOMEOWNERS, INC. including but not limited to the management of the use of the common area, the maintenance of the common area and the setting of assessments for the upkeep of same.

Article II

OFFICES

Section 1. PRINCIPAL OFFICE: The principal office of the Corporation shall be located at 916 Hay Street, Fayetteville, Cumberland County, North Carolina 28305.

Section 2. REGISTERED OFFICE: The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. The registered office shall be located at 916 Hay Street, Fayetteville, Cumberland County, North Carolina, 28305.

Article III

BOARD OF DIRECTORS

Section 1. GENERAL POWERS: The business and affairs of the Corporation shall be managed by the Board of Directors.

Section 2. NUMBER, TERM AND QUALIFICATION: The affairs of the Association shall be managed by a Board of three (3) Directors. The original Board of Directors shall consist of three (3) members. At the first annual meeting the members shall elect one Director for a term of one (1) year, one Director for a term of two (2) years, and one Director for a term of three (3) years. Each Director shall hold office until the expiration of his or her term, or until his or her successor is elected and qualified.

No director shall serve more than two (2) consecutive terms (including the initial term).

Section 3. ELECTION OF DIRECTORS: Except as provided in Section 2 of Article III, the Directors shall be elected at the annual meeting of the Association. Those persons who receive the highest number of votes shall be deemed to have been elected. In the event any vacancy shall occur because of death, resignation, incapacity to act, or removal of a Director, the members shall within a reasonable time fill the vacancy.

Section 4. REMOVAL: Directors may be removed from office with or without cause by a vote of three-fifths (3/5) of the majority of the members of the Association. If any Directors are so removed, new Directors may be elected at the same meeting.

Section 5. VACANCIES: A vacancy occurring in the Board of Directors shall be filled by a majority of the members of the Association, even though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 6. COMPENSATION: The members of the Board of Directors may not be compensated for their services in fulfilling their duties to the corporation.

Section 7. INDEMNIFICATION OF DIRECTORS AND OFFICERS: Each present and former Director and officer of the corporation shall be indemnified by the corporation against expenses reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding to which he or she may be made a party by reason of his or her being or having been an officer or Director of the corporation (whether or not he or she continues in that capacity at the time of incurring such expenses), except in disputes between himself or herself and the corporation; and in those events, he or she shall be entitled to indemnification should a court of competent jurisdiction find the corporation to be at fault. The foregoing right of indemnification shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of other rights to which any Director or officer may be entitled as a matter of law.

Section 8. EXECUTIVE COMMITTEE: There shall be elected annually by the members of the association three (3) members thereof, who with the Chairman, Secretary, Treasurer and any Executive Committee shall act on behalf of the corporation in any manner (except as provided in Article VII) when the Board of Directors is not in session, reporting to the Board of Directors for its ratification of their action at each regular or special meeting called for that purpose. Four (4) members shall constitute a quorum for the transaction of business. Meetings may be called by the Chairman or by two (2) members.

Section 9. SPECIAL COMMITTEES: The Chairman may, at any time, appoint other committees on any subject for which there are no standing committees, or terminate any standing committee which does not serve any purpose. Each committee shall consist of at least one (1) Director.

Section 10. COMMITTEE QUORUM: A majority of any committee of the corporation shall constitute a quorum for the transaction of business, unless any committee shall by majority vote of its entire membership decide otherwise.

#### Article IV

#### MEETINGS OF THE DIRECTORS

Section 1. REGULAR MEETINGS: Regular meetings of the Board of Directors shall be held at 7:30 p.m. on the first Thursday of each month at a time and place designated by a majority of the Directors.

Section 2. ANNUAL MEETINGS: The annual meetings of the Board of Directors shall be held at 7:30 p.m. on the first Thursday in February of each year, if not a legal holiday, for the purpose of electing Directors of the corporation and for the transaction of such other business as may be properly brought before the meeting.

Section 3. **SUBSTITUTE ANNUAL MEETINGS:** If the annual meeting shall not be held on the day designated by these by-laws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. **SPECIAL MEETINGS:** Special meetings of the shareholders may be called at any time by the President, on or at such other place, as shall be designated in the notice of the meeting agreed upon by a majority of the Directors entitled to vote thereat.

Section 5. **NOTICE OF MEETINGS:** Written or printed notice stating the time and place of the meeting shall be delivered ~~not less than five or more than fifty days before the date thereof~~, either personally or by mail, by or at the direction of each President, Secretary or other person calling the meeting, to each member of record entitled to vote at such meeting. In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted. In case of a special meeting, the notice of meeting shall not necessarily state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 6. **QUORUM:** A majority of the duly elected or appointed and qualified Directors of the corporation shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A majority of the Directors present at any meeting, whether or not a quorum is present, may adjourn the meeting from time to time without notice, other than announcement at the meeting, until a quorum shall attend.

Section 7. **MANNER OF ACTING:** Except as otherwise provided in this Section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. **INFORMAL ACTION BY DIRECTORS:** Action taken by a majority of the Directors without meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board, whether done before or after the action is so taken.

## Article V

### OFFICERS

Section 1. **NUMBER:** The Corporation shall have a Chairman, Secretary, Treasurer and such Vice-Chairman, Assistant Secretaries, Assistant Treasurers and other officers as the members may from time to time elect. Any two or more offices may be held by the same person, except the office of Chairman and Secretary. However, no officer may act in more than one capacity where the action of two (2) or more offices

is required.

Section 2. ELECTION AND TERM: The officers of the Corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the membership. Each officer shall hold office for one (1) year, or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified, unless otherwise specified by the members. The members may fill any vacancy in any office occurring for whatever reason.

Section 3. REMOVAL: Any officer or agent elected or appointed by the members may be removed by the members with or without cause, except that in the case of the Chairman, he shall not be removed by less than a three-fourths (3/4) majority of the members.

Section 4. CHAIRMAN: The Chairman shall be the chief executive officer of the corporation and shall preside at all meetings of the members and the Board of Directors. Subject to the direction and control of the Board of Directors, he shall have general charge and authority over the business of the corporation. He shall make reports of the business of the corporation for the preceding fiscal year to the Directors at each annual meeting. He shall sign with any other proper officer any deeds, mortgages, bonds, contracts, or other instrument which may be lawfully executed on behalf of the corporation, except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. In general he shall perform all duties as may be prescribed by the Board of Directors from time to time, including the appointment of various committees from the membership in order to carry out the business of the corporation as approved by the Board of Directors.

Section 5. VICE-CHAIRMAN: The Vice-Chairman shall perform the duties of the Chairman in his absence or during his inability to act. The Vice-Chairman (or Vice-Chairmen) shall have such other duties and powers as may be assigned to or vested in them by the Board of Directors.

Section 6. SECRETARY: The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and Directors. He shall give all notices required by law and by these by-laws. He shall have general charge of all corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall then sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the Chairman, the Executive Committee, or by the Board of Directors.

Section 7. TREASURER: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may appoint a custodian or a depository for any such funds and securities and may designate those persons upon whose signature or authority such fund and securities may be disbursed or transferred. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year within four (4) months after the end of such fiscal year. The Treasurer shall, in general, perform all duties incident to this office and such other duties as may be assigned to him from time to time by the Chairman, the Board of Directors, or the Executive Committee.

Section 8. ASSISTANT SECRETARIES AND TREASURERS: The Assistant Secretaries and Assistant Treasurers shall, in the absence of the Secretary or the Treasurer, respectively, perform the duties

and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chairman, Board of Directors, or Executive Committee.

## Article VI

### MEMBERS

Section 1. This corporation shall be a nonprofit corporation organized and existing under all Laws of the State of North Carolina, being governed by a Board of Directors as set forth in Article III of the By-laws, and shall be with voting members.

Section 2. Any person owning a lot in KGC Homeowners, Inc. will be a member of the corporation.

Section 3. **ANNUAL MEETING:** There shall be an annual meeting of the members of this corporation to hear the annual report of the corporation and to transact other business in accordance with the decision of the Board of Directors. Unless otherwise determined by the Board of Directors, the annual meeting of members shall be held in the first Thursday in May at a time and place designated by the Chairman of the corporation; provided, however, that should said day fall upon a legal holiday, then any such meeting shall be held at the same time and place to be determined by the Board of Directors. Notice of the annual meeting shall be given to all members of the Board of Directors and members of the corporation. The notice required by this Section shall in all respects comply with the notice required by Article IV, Section 4 of these By-laws for notice to members of the Board of Directors in case of a special meeting of said Board.

## Article VII

### CONTRACTS, LOANS, DEPOSITS, AND MISCELLANEOUS PROVISIONS

Section 1. **CONTRACTS:** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. **LOANS:** No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the members. Such authorization may be general or confined to specific instances.

Section 3. **CHECKS AND DRAFTS:** All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. **DEPOSITS:** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

Section 5. **FISCAL YEAR:** Unless otherwise ordered by the Board of Trustees, the fiscal year of the corporation shall be from January 1 through December 31 of each calendar year.

Section 6. AMENDMENTS: Except as otherwise provided herein, these By-laws may be amended or repealed and new By-laws may be adopted by the affirmative vote of 3/5 of the members at any regular or special meeting of members.

Section 7. SEAL: The corporate seal of the corporation shall consist of two concentric circles between which in the name of the corporation and in the center of which is inscribed "Seal".

#### Article IX

#### PROHIBITED ACTIVITIES

Other provisions of these By-laws notwithstanding, the corporation shall not engage in any act of self-dealing as defined in Section 4941, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal excise law; nor retain any excessive business holdings as defined in Section 4943, Subdivision (c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any investment in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any taxable expenditures as defined in Section 4945, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws.

The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or the corresponding provisions of any subsequent federal tax laws.

#### Article X

#### 501(c)(3) REQUIREMENTS

Section 1. EARNINGS: No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, Directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in the Articles hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of a candidate for public office.

Section 2. EXEMPT FUNDS: Notwithstanding any other provisions of these Articles, this corporation shall not carry on any other activities not permitted to be carried on by (a) corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provisions of any future United States Internal Revenue law.

Section 3. DISSOLUTION: Upon the dissolution of the corporation, the Board of Directors shall, after paying and making provision for payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section

501c)(3) of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such asset not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

IN TESTIMONY WHEREOF, the undersigned have set their hands and seals this the \_\_\_\_ day of \_\_\_\_\_, 1995.

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

**AMENDMENTS TO THE BYLAWS OF KGC HOMEOWNERS, INC.**

**ARTICLE IV, Section 1 is amended as follows:**

**REGULAR MEETINGS:** Regular meetings of the Board of Directors shall be held at the discretion of the Chairman of the Board at a time and place designated by a majority of the Directors.

**ARTICLE IV, Section 2 is amended as follows:**

**ANNUAL MEETINGS:** The annual meetings of the Board of Directors shall be held within 10 days of the election of Directors at the ANNUAL MEETING OF OWNERS. The purpose of the meeting is to organize the Board of Directors and elect Officers for the year, and to transaction of such other business as may be properly brought before the meeting. The time and place of the meeting shall be at the discretion of the Board of Directors.

**APPROVED AND ADOPTED:** July 23, 2002.

**BOARD OF DIRECTORS:** Cyndi Hayden, Kenny Tyson, Gene Praschan



**Revised Aug 2010**  
**BY-LAWS**  
**OF**  
**KGC HOMEOWNERS, INC.**

Article I

The purpose of the Corporation shall be the management of a homeowner's association for the KGC Homeowners, Inc. including, but not limited, to the management of the use of the common area, the maintenance of the common areas and the setting of assessments for the upkeep of all 180 members.

Article II

OFFICES

Section 1. **PRINCIPAL OFFICE:** The principal office of the Corporation shall be located at 4310 Cumberland Road, Fayetteville, Cumberland County, North Carolina, 28306 or set by the Board of Directors.

Section 2. **REGISTERED OFFICE:** The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. The registered office shall be located at 4310 Cumberland Road, Fayetteville, Cumberland County, North Carolina, 28306.

Article III

BOARD OF DIRECTORS

Section 1. **GENERAL POWERS:** The business and affairs of the Corporation shall be managed by the Board of Directors.

Section 2. **NUMBER, TERM AND QUALIFICATION:** The affairs of the Association shall be managed by a Board of a minimum of three (3), but not to exceed five (5) Directors. The Board of Directors shall consist of three (3) or five (5) members. Each newly elected Director shall hold a term of 3 years and will replace the expiring one year term "director". In the event the Board is increased from three Directors to five Directors, three new Directors will be elected, one to replace the outgoing one year director, and the two new additional Directors. The newly elected directors shall hold a term of three years. Expiration of terms will be 3 years from the date of election onto the Board. Directors may be reelected for additional terms.

Section 3. **ELECTION OF DIRECTORS:** Except as provided in Section 2 of Article III, the Directors shall be elected at the annual meeting for the Association. Those persons who receive the highest number of votes shall be deemed to have been elected.

Section 4. REMOVAL: Directors may be removed from office with or without cause by a vote of three-fifths (3/5) of the majority of the members of the Association. If any Directors are so removed, new Directors may be elected at the same meeting.

Section 5. VACANCIES: In the event any vacancy shall occur because of death, resignation, incapacity to act, or removal of a Director, the vacancy occurring in the Board of Directors shall be filled by a majority of director's votes. A Director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

Section 6. COMPENSATION: The members of the Board of Directors may not be compensated for their services in fulfilling their duties to the Corporation.

Section 7. INDEMNIFICATION OF DIRECTORS AND OFFICERS: Each present and former Director and officer of the Corporation shall be indemnified by the Corporation against expenses reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding to which he or she may be made a party by reason of his or her being or having been an officer or Director of the Corporation (whether or not he or she continues in that capacity at the time of incurring such expenses), except in disputes between himself or herself and the Corporation; and in those events, he or she shall be entitled to indemnification should a court of competent jurisdiction find the Corporation to be at fault. The foregoing right of indemnification shall inure to the benefit of the legal representative of any such person and shall not be exclusive of other rights to which any Director or officer may be entitled as a matter of law.

Section 8. EXECUTIVE COMMITTEE: An Executive Committee shall be elected annually by the Directors, who with the Chairman, Secretary, and Treasurer shall act on behalf of the Corporation in any manner (except as provided in Article VII) when the Board of Directors is not in session, reporting to the Board of Directors for its ratification of their action at each regular or special meeting called for that purpose. A majority of members shall constitute a quorum for the transaction of business. Meetings may be called by the Chairman or by two (2) Directors.

Section 9. SPECIAL COMMITTEES: The Chairman may, at any time, appoint other committees on any subject for which there are no standing committees, or terminates any standing committee which does not serve any purpose.

Section 10. COMMITTEE QUORUM: A majority of any committee of the Corporation shall constitute a quorum for the transaction of business, unless any committee shall by majority vote of its entire membership decide otherwise.

#### Article IV

#### MEETINGS OF THE DIRECTORS

Section 1. REGULAR MEETINGS: Regular meetings of the Board of Directors shall be held at 6:00 p.m. on the first Tuesday of each month at a place designated by a majority of the Directors.

**Section 2. ANNUAL MEETINGS:** The annual meetings of the Board of Directors shall be held at 7:30 p.m. on the first Thursday in May of each year, for the purpose of electing Directors of the Corporation and for the transaction of such other business as may be properly brought before the meeting.

**Section 3. SUBSTITUTE ANNUAL MEETINGS:** If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

**Section 4. SPECIAL MEETINGS:** Special meetings of the shareholders may be called at any time by the President, on or at such other place, as shall be designated in the notice of the meeting agreed upon by a majority of the Directors entitled to vote thereat.

**Section 5. NOTICE OF MEETINGS:** Written or printed notice stating the time and place of the meeting shall be delivered not less than five or more than fifty days before the date thereof, either personally or by mail, by or at the direction of each President, Secretary or other person calling the meeting, to each member of record entitled to vote in person or by proxy. In case of an annual or substitute meetings, the notice of meeting need not specifically state the business to be transacted. In case of a special meeting, the notice of meeting shall state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

**Section 6. QUORUM:** A majority of the duly elected or appointed and qualified Directors of the Corporation shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A majority of the Directors present at any meeting, whether or not a quorum is present, may adjourn the meeting from time to time without notice, other than announcement at the meeting, until a quorum shall attend.

**Section 7. MANNER OF ACTING:** Except as otherwise provided in this Section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**Section 8. INFORMAL ACTION BY DIRECTORS:** Action taken by a majority of the Directors without meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board, whether done before or after the action is taken.

## Article V

### OFFICERS

Section 1. NUMBER: The Corporation shall have a Chairman, Secretary, Treasurer and such Vice-Chairman, Assistance Secretaries, Assistant Treasurers and other officers as the Directors may from time to time appoint. Any two or more officers may be held by the same person, except the office of Chairman and Secretary. However, no officer may act in more than one capacity where the action of two (2) or more offices is required.

Section 2. ELECTION AND TERM: The Executive Committee of the Corporation shall be appointed by the Board of Directors. Such appointment may be held at any regular or special meeting of the Directors. Each officer shall hold office for one (1) year, or until death, resignation, retirement, removal, disqualification, or his successor is appointed and qualified, unless otherwise specified by the Directors. The Directors may fill any vacancy in any office occurring for whatever reason.

Section 3. REMOVAL: Any officer or agent appointed by the Directors may be removed by the Directors with or without cause.

Section 4. CHAIRMAN: The Chairman shall be the chief executive officer of the Corporation and shall preside at all meetings of the members and the Board of Directors. Subject to the direction and control of the Board of Directors, they shall have general charge and authority over the business of the Corporation. They shall make reports of the business of the Corporation for the preceding fiscal year to the Directors at each annual meeting. They shall sign with any other proper officer any deeds, mortgages, bonds, contracts, or other instrument which may be lawfully executed on behalf of the Corporation, except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. In general they shall perform all duties as may be prescribed by the Board of Directors from time to time, including the appointment of various committees from the membership in order to carry out the business of the Corporation as approved by the Board of Directors.

Section 5. VICE-CHAIRMAN: The Vice-Chairman shall perform the duties of the Chairman in the absence or during their inability to act. The Vice-Chairman shall have such other duties and powers as may be assigned to or vested in them by the Board of Directors.

Section 6. SECRETARY: The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and Directors. They shall give all notices required by law and by these by-laws. They shall have general charge of all corporate books and records and of the corporate seal, and they shall affix the corporate seal to any lawfully executed instrument requiring it. They shall then sign such instruments as may require their signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned from time to time by the Chairman, the Executive Committee, or by the Board of Directors.

**Section 7. TREASURER:** The Board of Directors or the Executive Committee may appoint a custodian or depository for any such funds and securities and may designate those personal or Management Company whose signature or authority such fund and securities may be disbursed or transferred. The Treasurer or management company in general, shall perform all duties incident to this office and such other duties as may be assigned to them from time to time by the Chairman of the Board of Directors of the Executive Committee.

**Section 8. ASSISTANT SECRETARIES AND TREASURERS:** The Assistant Secretaries and Assistant Treasurers shall, in the absence of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chairman, Board of Directors, or Executive Committee.

## ARTICLE VI

### FISCAL MANAGEMENT

**Section 1.** The assessment role shall be maintained in a set of accounting books in which there shall be an account for each condominium unit. Such account shall designate the name and address of the unit owner or owners, the amount of each assessment against the owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessment.

**Section 2.** The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the costs of performing the functions of the Association, including but not limited to the following:

- a. Common Expense Budget, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of an capital improvements to the Common Property including landscaping, streets and walkways, office expense, utility services, casualty insurance, liability insurance, administration and reserves (operating and Capital Improvement Replacement), management fees and costs of maintaining leaseholds, memberships and other possessory or use interests in lands or facilities whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use of benefit to the unit owners.
- b. At any time in their sole discretion, to recommend any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies, and to levy such assessment upon a vote of the unit owners as set forth in Article VII, Section 4.
- c. As more fully provided 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 property against which the assessment is made. Any assessments not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the

assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability of the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

- d. The maximum annual assessment may be increased each year not more than ten percent (10%) by the Board of Directors. Any increase of more than ten percent (10%) over the previous year's assessment shall require a vote as set forth in Article VII, Section 4.
- e. The Board of Directors shall retain professional management services to be primarily responsible for fiscal management of the Association and maintaining the Condominium, but which may perform such other powers and duties of the Association as may be delegated to it and contracted for by the Board of Directors. Any management agreement for the Condominium will be terminable by the Association for cause upon thirty (30) days written notice thereof, and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.
- f. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the funds of the Association shall be deposited. Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Directors.
- g. The books and all supporting documental shall be available for examination by all Unit Owner and the lenders or their agents during normal business hours.
- h. An audit and corporate tax filings of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report shall be made available upon request by any member.
- i. Fidelity bonds shall be required by the Board of Directors from all officers and employees of the Association and from any contractors handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors. The premiums on such bonds shall be paid by the Association.

## Article VII

### MEMBERSHIP, VOTING, QUORUM, PROXIES

Section 1. This Corporation shall be a nonprofit corporation organized and existing under all Laws of the State of North Carolina, being governed by a Board of Directors as set forth in Article III of the By-Laws, and shall be with voting members.

**Section 2.** Any owner, whether individual or collectively, a condominium in KGC Homeowners, Inc, will be a member of the Corporation and shall one vote per condominium. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by member, shall be as set forth in the Articles of Corporation are incorporated herein by reference.

**Section 3. ANNUAL MEETING:** There shall be an annual meeting of the members of this Corporation to hear the annual report of the Corporation and to transact other business in accordance with the decision of the Board of Directors. Unless otherwise determined by the Board of Directors, the annual meeting of the members shall be held on the first Thursday in May at a time and place designated by the Chairman of the Corporation; provided, however, that should said day fall upon a legal holiday, then an such meeting shall be held at the same time and place to be determined by the Board of Directors. Notice of the annual meeting shall be given to all members of the Board of Directors and members of the Corporation.

**Section 4.** A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

**Section 5.** Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting. If a meeting is not held due to a quorum not being met the proxy will be carried forward to the next meeting. Any homeowner more than 60 days delinquent in their dues or fines will not be eligible to vote in person or by proxy.

**Section 6.** These By-Laws may otherwise be required by law; the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

## Article VIII

### CONTRACTS, LOANS, DEPOSITS, AND MISCELLANEOUS PROVISIONS

**Section 1. CONTRACTS:** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

**Section 2. LOANS:** No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the members. Such authorization may be general or confined to specific instances.

**Section 3. CHECKS AND DRAFT:** All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. DEPOSITS: All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

Section 5. FISCAL YEAR: Unless otherwise ordered by the Board of Trustees, the fiscal year of the Corporation shall be from January 1 through December 31 of each calendar year.

Section 6. AMENDMENTS: Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of 3/5 of the members at any regular or special meeting of members.

Section 7. SEAL: The corporate seal of the Corporation shall consist of two concentric circles between which in the name of the Corporation and in the center of which is inscribed "Seal".

## ARTICLE IX

### AMENDMENTS TO BY-LAWS

Section 1. Recommendations for Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by members of the Association owning a majority of the Condominium Units in the Condominium, whether meeting as members or by instrument in writing signed by them.

Section 2. Upon any amendment to the By-Laws being proposed by said Board of Directors or members, such proposed amendment shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such Officer of the proposed amendment, and it shall be the duty of the Secretary to give to each member written notice of such meeting in the same form and in the same manner as notice of the call of Special Meeting of the members is required as herein set forth. The Board of Directors may at its discretion, mail out the current By-Laws and the Amended By-Laws to each member to vote for approval or disapproval. Such actions will be deemed as if a special meeting vote was held.

Section 3. In order for such amendment to become effective, it must be approved by an affirmative vote of a majority on the entire membership of the Board of Directors and by an affirmative vote as set forth in Article VII, Section 4. Thereupon such amendment or amendments to these By-Laws shall be transcribed, certified by the Secretary of the Association, and a copy thereof shall be recorded in the Cumberland County Public Registry, North Carolina, within twenty (20) days from the date on which any amendment has been approved by the Directors and members. No amendment shall become effective until it is fully recorded.

Section 4. Upon the approval and proper recording of any amendment, it shall become binding upon all Unit Owners.



Section 5. At any meeting held to consider any amendment to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

## Article X

### PROHIBITED ACTIVITIES

Other provisions of these By-Laws notwithstanding, the Corporation shall not engage in any act of self-dealing as defined in Section 4941, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal excise law; not retain any excessive business holdings as defined in Section 4943, Subdivision (c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any investment in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; not make any taxable expenditures as defined in Section 4945, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws.

The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or the corresponding provisions of any subsequent federal tax laws.

## ARTICLE XI

### RULES OF CONDUCT

Section 1. Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in front or about any Unit or Common Elements without the prior written approval of the Board of Directors. The provisions shall not be applicable to the institutional holder of any first mortgage which comes into possession of any Unit by reason of any remedies provided for in the mortgage or any deed of trust or other proceeding in lieu of foreclosure.

Section 2. Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television sets and amplifiers that may disturb other residents. Those keeping domestic animal will abide by the sanitary regulations of Cumberland County.

Section 3. No garbage or trash shall be thrown or deposited outside the disposal installation provided for such purposes. Large items may be placed in the container area behind the closed doors.

Section 4. No Unit Owner shall cause any improvements or alterations to be made to the exterior of the Condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antennas, or any other objects, machines or air conditioning units which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of any portion of the exterior surface of any building without the prior written permission of the Board of Directors or a duly appointed

Architectural Control Committee. No Unit Owner shall cause any object to be fixed to the Common Property or to any Limited Common Area (including the location or construction of fences or the plating or growing of flowers, trees, shrubs, or other variation) or in any manner change the appearance of the Common Area without the prior written permission of the Board of Directors of a duly appointed Architectural Control Committee.

Section 5. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Area, except that the keeping of not more than two (2) small, orderly, domestic pets, of which may be dogs or cats or one of each, no more than twenty-five (25) pounds each, shall be permitted subject to the Rules and Regulations adopted by the Board of Directors; provided; however, that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any pet causing or creating a nuisance or unreasonable, disturbance or noise shall be permanently removed from the Property upon ten (10) days written notice from the Board of Directors or the Managing Agent. No such pets shall be permitted upon the Common Area unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintain any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Condominium, each Unit Owner and the Declarant free and harmless from any loss, claim for liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Unit Owners Association resulting from the presence of such pets.

Section 6. No trailers, camper, recreational vehicles, or boats and no junk or derelict vehicles or other vehicles on which current license plates are not displayed shall be kept upon any of the Common Area or Limited Common Elements except to the extent expressly permitted in the Rules and Regulations. There will be no working on vehicles on the Common Areas.

Section 7. The Board of Directors can mandate that a rental lease not be renewed due to multiple violation of either these By-Laws or Rules and Regulations of the Association.

Section 8. Any changes to the Rules and Regulations will work in conjunction with, Article XI, Rules of Conduct of these By-Laws.

Section 9. Fines for violations will be determined by the Board of Directors. Owners will be responsible for fines not paid by tenants.

## Article XII

### 501(c) (3) Requirements

Section 1. EARNINGS: No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, Directors, Officers, or other private personas, except that the Corporation

shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purpose set forth in the Articles hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of a candidate for public office.

Section 2. EXEMPT FUNDS: Notwithstanding any other provisions of these Articles, this Corporation shall not carry on any other activities not permitted to be carried on by (a) corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provisions of any future United States Internal Revenue Law.

Section 3. DISSOLUTION: Upon the dissolution of the Corporation, the Board of Directors shall, after paying and making provision for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purpose of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such asset not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the Corporation is then located exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

### ARTICLE XIII

#### COMPLIANCE

These By-Laws are set forth to comply with the requirements of the North Carolina Condominium Act, Chapter 47C of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the status will apply.

These By-Laws were adopted as amended of KING'S GRANT CONDOMINIUMS OWNER'S ASSOCIATION, INC. at the first meeting of the Board of Directors of \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Secretary (SEAL)

APPROVED:

\_\_\_\_\_  
President