

BRAXTON ESTATES HOMEOWNERS ASSOCIATION

ASSOCIATION BYLAWS

(Adopted November 11, 1999)

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Article 1 Name and Location

Section 1 - Name:

The name of the corporation is Braxton Estates Homeowners Association, hereinafter referred to as the "Association".

Section 2 - Location:

The principle office of the corporation shall be located in Cabarrus County, North Carolina. The registered office of the Association may be, but need not be, identical with the principle office. Mail for the Association will be received at P.O. Box 1924, Concord, NC 28026-1924.

Article 2 Definitions

Section 1 – Coordination with Declaration:

All capitalized terms when used in the Bylaws or amendments (unless context requires or specified otherwise) shall have the meanings set forth in the Declaration of Covenants, Conditions, and Restrictions for Braxton Estates executed on behalf of Richard Suggs and duly recorded in the Office of the Register of Deeds for Cabarrus County, North Carolina, hereinafter referred to as the "Declaration". The same may be amended from time to time.

In the case of a conflict between the Declaration and these Bylaws, the Declaration shall be the controlling document.

Section 2 - Definitions:

- A. The Declaration, Article I, contains definitions for Association, Owner, Properties, Common Area, Lot, and Declarant.
- B. Member – members shall be all Owners. When more than one person holds an interest in any Lot, all such persons shall be members.
- C. Good standing – payment of annual and special assessment fee(s) must be current.
- D. Vote – one vote per Lot decided by Owner(s) of the Lot. To be eligible to vote, Lot must be in good standing.

Article 3 Member Meetings

Section 1- Annual Meeting:

The first Annual Meeting of the Association was held May 27, 1999. Subsequent annual meetings shall be held in the month of May on a date specified by the Board of Directors.

Section 2 – Regular Meetings:

Regular Association meetings shall be held quarterly on the second Thursday of August, November, and February.

Section 3 – Special Meetings:

Special meetings of the Association may be called at any time by the President, a majority of the Board of Directors, or by written request of 25 Lots.

Section 4 – Place of Meetings:

All Association meetings shall be held within Cabarrus County, North Carolina, at a time and place determined by the Board of Directors.

Section 5 – Notice of Meetings:

- A. Annual meeting and Regular meetings – written notice of annual Association meeting shall be given to each Lot by, or at the direction of, the Secretary or director authorized to call the meeting not less than 30 days nor more than 60 days prior to the date of the meeting. The notice shall specify the place, date, and hour of the meeting.
- B. Annual Assessment and Special Assessment meetings – same as annual meeting and for special meetings shall include the meeting’s purpose.
- C. Special meetings – written notice of special meeting shall be given to each Lot by, or at the direction of, the Secretary or director authorized to call the meeting not less than seven (7) days nor more than fourteen (14) days prior the date of the meeting. The notice shall specify the place, date, and hour of the meeting and shall include the meeting’s purpose.

Section 6 – Quorum:

- A. The presence and/or proxies of 25 Lots at an Association meeting constitute a quorum for conducting the business of the Association, except for meetings involving annual and special assessments. A meeting may be temporarily adjourned by the chairperson to gather a quorum.
- B. Annual assessment and special assessment meetings shall be governed by the Declaration, Article IV, Section 5.

Section 7 – Proxies:

At all Association meetings each Lot may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to any vote. A proxy may be revoked prior to the vote by the proxy signer only.

Section 8 - Action by the Association:

Except as provided otherwise in the Declaration or these Bylaws, any act or decision approved by a majority of all votes present or by proxy at a duly held Association meeting shall be regarded as the act of the Association.

Article 4 Board of Directors

Section 1 – Number:

The affairs of the Association shall be managed and governed by a Board of nine (9) Directors, who shall be members in good standing.

Section 2 – Term of Office:

- A. At the first annual meeting the members shall elect three (3) directors for three (3) year terms, three (3) directors for two (2) year terms, and three (3) directors for one (1) year terms.
- B. At each annual meeting thereafter three (3) directors shall be elected for three (3) year terms.

Section 3 – Elections:

- A. Directors shall be elected at the annual Association meeting by written ballot. The three (3) highest vote getters shall be elected.
- B. Each Lot may cast one vote for each vacancy.
- C. Tie votes affecting the election results shall be decided by a run-off election to be held not less than fourteen (14) days nor more than twenty-one (21) days following the original ballot.

- D. Unique conditions for the first election (May 27, 1999). The terms of the first elected directors shall be decided by the number of votes received as follows:
1. Three year terms – three highest vote getters.
 2. Two year terms – 4th to 6th highest vote getters.
 3. One year terms – 7th to 9th highest vote getters.
 4. Those present at the annual meeting will decide ties affecting the results.

Section 4 – Vacancies:

Vacancies of less than one (1) year shall be filled by appointment by the remaining Directors to complete the term. Vacancies of one (1) year or more shall be filled by a special election, following the guidelines set forth in Section 3 above, to complete the term.

Section 5 – Removal:

Any Director may be removed from the Board of Directors at a meeting of the Association with a quorum of 60% of the Lots by a 2/3 majority Lot vote.

Section 6 – Compensation:

No Director shall receive compensation for any service provided the Association.

Article 5 Board of Directors Meetings

Section 1 – Regular Meetings:

Regular Board of Director meetings shall be held quarterly in the months of January, April, July, and October at a place and time determined by the Board.

Section 2 – Special Meetings:

Special meetings of the Board of Directors shall be held when called by the President or by any two (2) directors after not less than three (3) days notice.

Section 3 – Quorum:

A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum was present shall be regarded as an act by the Board.

Section 4 – Informal Action by Directors:

Action taken by a majority of the directors without a meeting is a Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the Board.

Article 6 Board of Directors Powers and Duties

Section 1 – Powers:

The Board of Directors shall have the power to:

- A. Act on behalf of the Association to enforce Article II, Section 1.c. of the Declaration.
- B. Act on behalf of the Association to enforce Article II, Section 1.a. of the Declaration.
- C. Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of the Declaration or these Bylaws.
- D. May declare the office of a director vacant in the event the director is absent from two (2) regular Board meetings in a one (1) year period.
- E. Employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties.

- F. Employ attorneys to represent the Association when deemed necessary.

Section 2 – Duties:

It shall be the duty of the Board of Directors to:

- A. Cause to be kept a complete record of all its acts and corporate affairs and to represent a statement thereof at the annual meeting of the members, or at any special meeting when such a statement is requested in writing by at least one-fourth (1/4) of the Lots;
- B. Supervise all officers, agents, and employees of the Association and to see that their duties are properly performed;
- C. Fix the amount of the annual assessment of each Lot at least forty-five (45) days before January 1 of each year and to send written notice (bill) to every Owner at least thirty (30) days before the annual assessment due date of January 1 of each year;
- D. Foreclose the lien against any property for which assessments are not paid per the provisions of Article 10 of these Bylaws;
- E. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate stating whether an assessment has been paid. A Board issued certificate shall be conclusive evidence of payment. A fee of \$15.00 will be collected for each certificate issued;
- F. Procure and maintain adequate liability insurance covering the Association and the Board and adequate hazard insurance on the property owned by the Association;
- G. Cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate;
- H. Cause the Common Area to be maintained; and
- I. Maintain architectural control as provided in the Declaration.

Section 3 – Spending and Other Restrictions:

- A. The Board shall authorize expenditures for approved budget items.
- B. The Board may spend a maximum of \$500.00 from existing funds for miscellaneous, non-approved budget items with a two-thirds (2/3) majority vote (6 directors) of the Board.
- C. Expenditures over \$500.00 require Association approval by Lot vote at a Regular or Special meeting of the Association.
- D. Promissory notes on behalf of the Association must be approved by a two-thirds (2/3) majority vote of the Association and be signed by the President and one two (2) officers.

Section 4 – Liability of the Board:

The directors shall not be liable to the owners for any mistake of judgement, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the directors against all contractual liability to others arising from contracts made by the Board on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the directors shall have no personal liability with respect to any contract made by them on behalf of the Association except to the extent that they are owners.

Article 7 Officers and Their Duties

Section 1 – Officers:

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer who shall at all times be members of the Board of Directors and such other officers as the Board may from time to time create by resolution.

Section 2 – Election of Officers:

The election of officers shall take place at the first meeting of the Board following each annual meeting of the Association.

Section 3 – Term:

The term of office shall be one (1) year or until death, resignation, retirement, removal, disqualification, or election of a successor. Officers of the Board may serve unlimited terms.

Section 4 – Removal and Resignation:

- A. The Board may remove any officer from office by a majority vote, with or without cause.
- B. An officer may resign by giving written notice to the Board, the President, or the Secretary. Such resignation shall be effective on the date of receipt or a later date specified in the notice. The acceptance of a resignation shall not be necessary to make it effective.

Section 5 – Vacancies:

An officer vacancy shall be filled by election of the Board at the first Board meeting following the effective date of the vacancy. The elected officer shall serve for the remainder of the vacated term.

Section 6 – Multiple Offices:

No person shall hold more than one office.

Section 7 – Duties:

The duties of the officers are as follows.

The President shall:

- A. Be the principle executive officer of the Association;
- B. Manage and supervise the Association, subject to the control of the Board;
- C. Preside at all meetings of the Association and the Board;
- D. See that orders and resolutions of the Association and the Board are carried out;
- E. Sign all leases, mortgages, deeds, and other written instruments for the Association; and
- F. Perform such other duties as assigned by the Board.

The Vice President shall:

- A. Act in the place and stead of the President in the event of his absence, inability or refusal to act; and
- B. Perform such other duties as assigned by the Board.

The Secretary shall:

- A. Be the custodian of the corporate records and of the corporation seal;
- B. See that all notices of the Association are provided in accordance with the Declaration and these Bylaws, or required by law;
- C. Be the custodian of the correspondence and records of the Association and the Board;
- D. Keep the minutes and record the votes of all meetings of the Association and the Board;
- E. Prepare written correspondence for the Association and the Board; and
- F. Perform such other duties as assigned by the Board.

The Treasurer shall:

- A. Receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board;
- B. Keep proper records of account;
- C. Prepare and present financial reports to the Board;
- D. Prepare an annual budget and an income and expense statement to be presented at the Annual Meeting of the Association;
- E. Keep appropriate, current records showing the members of the Association with their addresses and standing; and
- F. Perform such other duties as assigned by the Board.

Article 8 Committees

Section 1 – Committee Appointments:

The Board shall establish committees and appoint committee members necessary for conducting the business of the Association.

Section 2 – Architectural Committee:

The Architectural committee shall be appointed by the Board to enforce Article V of the Declaration.

Article 9 Books and Records

The Declaration, Bylaws, books, records, and papers of the Association shall be available for review by any member. A written request to review shall be made to an Officer of the Association who will make the appropriate arrangements.

Article 10 Assessments

As provided in the Declaration, each Owner is obliged to pay the Association annual and special assessments that are secured by a continuing lien upon the property against which the assessment is made. Assessments that are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days of the due date the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum. Delinquent assessments shall also be fined at the rate of \$50.00 for each thirty (30) day period the assessment remains delinquent.

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 attorney's fees of any such action shall be added to the amount of such assessment.

No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of his Lot.

Article 11 Amendments

These Bylaws may be amended, at a regular or special meeting of the Association, by a majority of a quorum present or by proxy.

Article 12 Miscellaneous

Section 1 – Fiscal Year

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

Section 2 – Reimbursement

Pre-approved expenses incurred for the Association may be reimbursed for the actual amount spent. Receipts must be approved by an officer, other than the Treasurer, and submitted to the Treasurer for payment.

Section 3 – Enforcement of the Declaration

Each Owner is required to abide by the Declaration and subject to the enforcement procedures provided in Article X, Section 1. Further, violations of the Declaration identified by the Association and not corrected within the allowed time period shall be fined at the rate of \$50.00 for each thirty (30) day period the violation remains uncorrected.

Article 13 Indemnification of Directors, Officers, and others

The Association shall indemnify any director or officer of the Association or any person who may serve at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequent of any threatened, pending or completed action, suit, or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such a director or officer, except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty,

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in his official capacity and in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) from any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust, or other enterprise.

Nothing contained in this article or elsewhere in these Bylaws shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

Article 14 Arbitration

Any claim that shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration, or under any applicable law, and the judgement upon the award may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the Director(s), one by the Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him or them. If the Director(s) or Owner(s) shall refuse or fail to so name an arbitrator within thirty (30) days after written notice from the other party requiring the naming of an arbitrator, then the arbitrator so named by the party not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as if he were an arbitrator appointed by both parties for that purpose, and his award, in writing, signed by him shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings hereunder shall be conducted in Cabarrus County, North Carolina.

Article 15 Adoption

Section 1:

The Bylaws filed with the Incorporation documents having never been adopted (they are a "draft" copy) are declared void and replaced by this document.

Section 2:

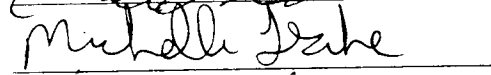
The above Bylaws, Articles 1 through 15, were adopted by a Lot vote of the Association on November 11, 1999.



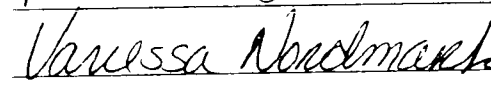
Rob Peeler, President



Charlie Anderson, Vice-President



Michelle Leake, Secretary



Vanessa Nordmark, Treasurer