

BY LAWS
OF
STONESTHROW LANDOWNERS ASSOCIATION, INC

ARTICLE I

The name of the corporation is Stonestrow Landowners Association, Inc, hereinafter referred to as the “**Association**”. The principal office of the corporation shall be located at 114 Pine Valley Lane, West End, NC 27376 but meetings of members and directors may be held at such places may be designated by the Board of Directors.

ARTICLE II

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence Lots and Common Area within that property described herein, and to promote the health, safety and welfare of the residents within the above described property and any additions thereto as may thereafter be brought within the jurisdiction of this Association.

ARTICLE III

DEFINITIONS

Section 1. “Declaration” shall mean the covenants, conditions and restrictions and all other provisions as set forth in the Declaration of Covenants and Restrictions, as same may from time to time be amended.

Section 2. “Association” shall mean and refer to Stonestrow Landowners Association, Inc., its successors and assigns.

Section 3. “Developer“ shall mean and refer to Stonestrow, Inc., a North Carolina Corporation.

Section 4. “The Properties” shall mean and refer to all real property which becomes subject to the Declaration, together with such other real property as may from time to time be annexed thereto under the provisions of the Declaration.

Section 5. "Common Area" shall mean and refer to those areas of land and lakes business and dams and streets and roads shown on any recorded subdivision plat of the Properties and intended to be devoted to the common use and enjoyment of the Members.

Section 6. "Living Unit" shall mean and refer to any portion of a structure situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of Common Area as heretofore defined.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot. The foregoing does not include persons or entities who held an interest in any Lot merely as security for the performance of an obligation.

Section 9. "Occupant" shall mean and refer to the occupant of a Living Unit who shall be either the Owner or a Lessee who holds a written lease having a term of at least twelve (12) months.

Section 10. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies adopted by the Board of Directors as same may be from time to time recorded and amended.

Section 11. "Membership" every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Every Lessee of a living unit constructed on any Lot who holds a written lease having an initial term of at least twelve (12) months shall be a member of the Association. The term "member" and "owner" may be used interchangeably in these By-Laws.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of _____ m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special Meetings of the members may be called at any time by the president or by 3 members of the Board of Directors, or upon written request of one-tenth of the members or a minimum of 20 which ever is greater.

Section 3. Proxies. Each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease after one year.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Term. The affairs of the Association shall be managed by a Board of not less than three (3), but no more than nine (9) directors, who need not be members of the Association.

Section 2. Composition and Term. The initial Board of Directors named in the Article of Incorporation shall serve until the first annual meeting. Directors shall be elected for a term of two years.

Thirty days prior to annual meetings the Board of Directors shall determine the number of directors to be elected at the annual meeting.

Section 3. Method of Nominations. Candidates for election shall file a petition of candidacy, signed by not less than Five (5) members, with the Elections Committee at least three weeks before the annual meeting. The Elections Committee shall provide all members with a ballot containing the names of all bona fide candidates not less than ten (10) days before the annual meeting.

Section 4. Method of Election. Election shall be by secret written ballot at the annual meeting or delivered to the Chairman of the Elections Committee prior to the start of the annual meeting. The members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these By-Laws. Cumulative voting is not permitted. Those persons receiving the largest number of votes shall be elected.

Section 5. Resignation and Removal. The unexcused absence of a director from three consecutive regular meetings of the Board shall be deemed a resignation. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association.

Section 6. Vacancies. In the event of death, resignation or removal of any elected director, his successor shall be selected by the remaining elected directors and shall serve for the unexpired term of his predecessor.

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

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular Meetings of the Board of Directors shall be held without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) exercise for the Association all powers, duties and authority vested in or delegated to this Association by law, the Declaration or any Supplementary Declaration and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration.
- (b) employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

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

- (a) adopt and publish rules and regulations including fees, if any, governing the use of the Common Area and facilities, and the personal conduct of the members and their guest thereon, and to include these in the Book of Resolutions;
- (b) suspend the right to use the recreational facilities of an Owner during any period in which such Owner shall be in default for more than thirty (30) days after notice in the payment of any assessment levied by the Association. Such right may also be suspended for members, after notice and hearing, for a period not to exceed sixty (60) days for infraction of the Declaration or the Book of Resolutions.
- (c) cause to be kept a complete record of all its corporate affairs including the Book of Resolutions, make such records available for inspection by any member or his agent and present an annual statement thereof to the members;
- (d) supervise all officers, agents and employees of the Association and see that their duties are properly performed;

- (e) issue upon demand by any member a certificate setting forth whether or not any assessment has been paid and giving evidence thereof for which a reasonable charge may be made;
- (f) designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate;
- (g) Prepare the proposed annual budget and approve the annual budget;
- (h) fix annual, general, and membership assessments at an amount sufficient to meet the obligations imposed by the Declaration and all Supplementary Declarations;
- (i) annually set the date(s) assessments are due, decide what, if any, interest rate is to be applied to assessments which remain unpaid thirty (30) days after they become due;
- (j) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the annual assessment or first installment thereof;
- (k) cause the lien against any property for which assessments are not paid within thirty (30) days after due date to be foreclosed or cause an action at law to be brought against the Owner personally obligated to pay the same;
- (l) issue demand by any member a certificate setting forth whether or not any assessment has been paid and giving evidence thereof for which a reasonable charge may be made;
- (m) cause the Common Areas to be maintained;
- (n) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (o) enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Declarations;
- (p) appoint such committees as prescribed in Article IX.

ARTICLE VIII

OFFICERS

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The officers of president and secretary may not be held by the same person.

Section 7. Duties. The duties of the officers are as follows:

- (a) **President:** the president shall preside at all meetings of the Board of Directors and of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes and contracts as the Board may approve from time to time.

- (b) **Vice President:** the vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such duties as may be required of him by the Board.
- (c) **Secretary:** the secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; maintain the Book of Resolutions; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notices to members as provided in Article X; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board.
- (d) **Treasurer:** the treasurer shall cause all monies of the Association to be deposited in appropriate accounts and disbursed therefrom as directed by resolution of the Board of Directors, shall co-sign any promissory notes and contracts; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each full fiscal year; and shall be the chief officer responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Board of Directors and to the membership at its regular annual meetings.

ARTICLE IX

COMMITTEES

Section 1. Election Committee. The Board shall appoint an Elections Committee no later than two months prior to the annual meeting date. The Committee shall consist of a

chairman who may not be a director, and at least four members, none of whom shall be candidates for office. It shall be the duty of the Committee to provide supervision of the nomination and election of directors in accordance with procedures adopted by the Board and placed in the Book of Resolutions.

Section 2. Other Committees. The Board shall appoint such other committees it deems appropriate to carrying out its purpose.

ARTICLE X

QUORUM AND NOTICE

Section 1. Quorum. The quorum for meetings where action by Owners is required by the Declaration shall be the presence of Member/Owners in person or by proxy who are entitled to cast ten percent of the votes of the Owners. If the required quorum is not forthcoming at the meeting, the meeting may be adjourned to another time no sooner than one week nor later than one month from that date. Should a quorum not be present at any meeting, the quorum requirement shall be reduced by half for the subsequent adjourned meeting.

The quorum for all other meetings of members shall be the presence at meetings of members in person or by proxy who are entitled to cast one tenth of the votes of the members then outstanding.

Section 2. Notice. Notice required by the Declaration, the Article of Incorporation or these By-Laws shall be provided in writing by mailing a copy of such notice, first class postage prepaid, to the member at the address last appearing on the books of the Association, or supplied by such member for the purpose of notice.

Notice for meetings where action by Owners is required shall be provided to Owners at least thirty (30) days and not more than sixty (60) days prior to such meeting. Notice of all other meetings of members shall be provided to members at least fifteen (15) days before such meeting.

Notice of meetings shall specify, the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

ARTICLE XI

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each officer and director of the Association in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit, or proceeding, civil or criminal, to which he may be a party by reason of being or having been a director or officer of the Association. The foregoing right of indemnification shall not be exclusive of any other rights to which the director or officer or person may be entitled by law, or agreement, or vote of the members or otherwise.

ARTICLE XIII

ARCHITECTURAL REVIEW BOARD

Section 1. Composition. The Architectural Review Board shall be comprised of a chairman and two or more members. A quorum for Review Board action shall be three members.

Section 2. Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location and maintenance of the Properties and of improvements thereon, to regulate such uses of property as described in the Declaration.

Section 3. Procedures. The committee shall formulate general guidelines and procedures and submit them for confirmation to the Board of Directors. Such guidelines and procedures shall be considered adopted policy of the Board unless rejected by a two-thirds (2/3) vote of the Board within thirty (30) days of the date of submittal. The adopted guidelines in the Book of Resolutions and the Committee shall act in accordance with such guidelines and procedures.

ARTICLE XIV

AMENDMENT

Section 1. These Bylaws may be amended:

- (a) By a vote of two-thirds of the Directors at any meeting of the directors duly called for that purpose, providing notice of the meeting has been given to the members at least fifteen (15) days prior to the meeting, or
- (b) At the annual meeting of the members, by a vote of a majority of the votes of the members who are voting in person or by proxy.

Section 2. In the case if 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.

ARTICLE XV

VOTING RIGHTS

All Owners of Lots designated for residential purposes and shall be entitled to one vote for each Lot owned, provided said member is in good standing as to payment of dues and assessments, Stonestrow, Inc., shall have no voting rights in connection with the unsold Lots in the development.

ARTICLE XVI

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF these By-Laws have been duly adopted by unanimous vote of the Board of Directors of Stonestrow Landowners Association this 13 day of October, 2006.


PRESIDENT