

**BYLAWS  
OF  
THE TERRACES  
HOMEOWNERS ASSOCIATION, INC**

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HOMEOWNERS ASSOCIATION, INC**

**ARTICLE I**

**Name, Purpose, Membership, Definitions**

1.1 Name. The name of the Association shall be The Terraces Homeowners Association, Inc. (hereinafter sometimes referred to as the “Association”).

1.2 Purpose. The purpose for which the Association is organized is to provide services to property owners, manage and maintain the Common Area, and administer and enforce all covenants and restrictions dealing with the Property, as well as any other purposes directed by the membership and the Board of Directors, as allowed by applicable law.

1.3 Membership. Every Owner shall be a member of the Association, including all the associated rights and responsibilities. Membership is appurtenant to a member’s lot and may not be assigned. If and when Declarant develops additional phases in the subdivision the owners of those lots shall be members of the Association. The Declarant shall also be a member so long as it owns property within the Community.

1.4 Definitions. The words used in these Bylaws shall have the same meaning as set forth in said Declaration, unless the context shall prohibit.

**ARTICLE II**

**Association: Meetings, Voting, Quorum, Proxies**

2.1 Place of Meetings. Meetings of the Association shall be held at the Terraces Community Center or at such other suitable place convenient to the members as may be designated by the Board.

2.2 Annual Meeting. Subsequent to relinquishment of Declarant control, as provided for in Paragraph 2.8 of these Bylaws, an annual meeting of the Association membership shall be held at 7:00 p.m. on the first Monday in November of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next business day following the legal holiday, for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting.

2.3 Substitute Annual Meetings. If the annual meeting is not held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2.4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

2.4 Special Meetings. Special meetings of the Association Membership may be called at any time by the Board, the Chairman, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes appurtenant to the Lots.

2.5 Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting shall be delivered or mailed not less than thirty (30) days nor more than sixty (60) days prior to the date thereof, either personally or by postage prepaid mail, at the direction of the Board, the Chairman, or Members calling the meeting, to each person entitled to vote at such meeting.

The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, and budget changes.

2.6 Voting Rights. The Association shall have two (2) classes of voting memberships: Class A Members and Class B Members.

(a) Class A Members. Class A Members shall be all Lot Owners except those defined below as Class B Members. Each Class A Member shall be entitled to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any one Lot, all such persons shall be Members and the voting rights appurtenant to said Unit shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any one Unit.

(b) Class B Members. Class B Members shall be all Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with Declarant. The Declarant shall be entitled to fifty (50) votes for each Unit or Lot owned by Declarant.

2.7 Suspension of Voting Rights. The Association, acting through its Board of Directors, shall have the right to:

(a) Suspend the voting rights (if any) of an Owner for any period during which monthly dues or any assessment on his or her Lot remains unpaid and enforce the collection of same; or

(b) Suspend the voting rights for just causes pursuant to its rules and regulations and according to the provisions of the Declaration.

2.8 Declarant's Relinquishment of Control. The Class B membership shall cease and be converted to Class A membership at the earlier of four months after seventy-five percent

(75%) of the lots have been sold and conveyed by Declarant to unrelated third parties or five years from the date of recording of the Declaration. However, Declarant may at any earlier time elect to abolish Class B membership by delivery of written notice thereof to the Association.

2.9 Quorum. The presence in person or by proxy at any meeting of the Voting Members (as defined in paragraph 2.6 of this Article) having forty percent (40%) or more of the total votes shall constitute a quorum. If there is no quorum at the opening of the meeting of the Association Membership, such meeting may be adjourned from time to time by a vote of a majority of the Voting Members present, either in person or by proxy.

2.10 Proxies. The Voting Members may vote either in person or by agents duly authorized by written proxy executed by such Unit Owner or his duly authorized attorney-in-fact. A proxy shall be valid only for the particular meeting designated therein, unless the person executing it specified therein the length of time for which it is to continue in force, which time shall not extend beyond eleven months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the secretary or duly acting secretary of the Association, either during or prior to the meeting in question.

2.11 Waiver of Notice. Any Voting Member may, at any time, waive notice of any meeting of the Association in writing, and such notice shall be deemed to be equivalent to the giving of such notice. Attendance of such a Voting Member at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof, except where a Voting Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the Voting Members are present at any meeting of the Association Membership, no notice shall be required, and any business may be transacted at said meeting.

2.12 Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration, or these Bylaws, any act or decision approved by a vote of no less than two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present shall be regarded as the act of all the Members.

2.13 Informal Action by Unit Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Voting Members and filed with the secretary of the Association to be kept in the Association's minute book.

### **ARTICLE III**

#### **Board of Directors**

3.1 Number. The business and property of the Association shall be managed and directed by a Board of Directors (the "Board"), composed of five (5) persons, or by such executive committees as the Board may establish pursuant to the Bylaws; provided, however, that the initial Board shall be composed of five persons. At the first annual meeting of the

Members following Declarant's relinquishment of control pursuant to paragraph 2.8 of the Bylaws, a Board of five (5) directors shall be elected as described in paragraph 3.4.

3.2 Initial Members. The initial members of the Board (referred to as "Directors" herein) shall be selected by the Declarant, and need not be Unit Owners. Such initial directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Lincoln County Public Registry, until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board from the date upon which the Declarant is recorded in the Lincoln County Public Registry until such time as their successors are duly elected and qualified, are as follows:

*(Include Class A Board Member)*

3.3 Nomination. Nomination for election to the Board of Directors shall be made from the floor at the first meeting of the Members following Declarant's relinquishment of control pursuant to paragraph 2.8 of the Bylaws. After the first election of directors, nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and new appointments named at such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

3.4 Election. Except as provided in paragraph 3.2 of these Bylaws, directors shall be elected at the annual meeting (first Monday of November) of the Members by written ballot. At such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

3.5 Term of Office. Each director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualified. At the first annual meeting of the Members following the relinquishment of control by Declarant, as set forth in paragraph 2.8 of these Bylaws, the Members shall elect two Owners to be Members of the Board of Directors for a term of three (3) years, who shall be the Owners receiving the largest number of votes. Members shall also elect two Owners as Members of the Board of Directors for a term of two (2) years, who shall be the Owners receiving the second largest number of votes. Members shall also elect one Owner as a Member of the Board of Directors for a term of one (1) year, who shall be the Owner receiving the next largest number of votes.

At all annual elections thereafter, directors shall be elected by the voting members to succeed the director or directors whose term is expiring. Each such director shall be elected for a

term of three (3) years. Nothing herein contained shall be construed to prevent the election of a director to succeed himself. Spouses may not serve on the Board at the same time. Each director, except those selected by Declarant pursuant to the Bylaws, shall be one of the Unit Owners or co-owners, or a spouse of a Unit Owner or co-owner provided, however, that in the event a Unit Owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then an officer or director of such other legal entity shall be eligible to serve as a director.

The size of the Board may be increased or decreased from time to time upon the affirmative vote of a simple majority of all Association Members, provided that said Board shall not be less than three (3) in number.

3.6 Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve the unexpired term of his predecessor; provided, however, that the person(s) selected to serve as Directors by Declarant cannot be removed without prior written consent of Declarant.

3.7 Vacancies. A vacancy occurring on the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director, but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or a special meeting of the Association Membership called for that purpose. The Voting Members may elect a director at any time to fill any vacancy not filled by the Board of Directors.

In the event that Declarant, in accordance with the rights herein established, selects any person to serve on the Board of Directors of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on the Board. Replacement of any person designated by Declarant to serve on the Board shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board. The removal of any such Board member and the designation of his successor shall be effective immediately upon delivery of such written instrument to any officer of the Association.

3.8 Compensation. The Board Members shall receive no compensation for their services unless expressly allowed by the Board at the direction of the Unit Owners (other than the Declarant), having two-thirds (2/3) of the total votes. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his duties.

3.9 Executive Committees. The Board may, by resolution adopted by a majority of the number of directors fixed by these Bylaws, designate two or more of its members to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the management of the Association. The Board may, in a like manner, create such other committees as it deems

necessary and appropriate in aiding the Board to carry out its duties and responsibilities with respect to the management of the Association.

## ARTICLE IV

### **Meetings of the Board of Directors**

4.1 Regular Meetings. Meetings of the Board of Directors shall be held on a regular basis as often as the Board sees fit, but no less often than annually, on such days and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day that is not a legal holiday.

4.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

4.3 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 is present shall be regarded as the act of the Board.

4.4 Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

4.5 President. A President of the Board of Directors shall be elected by the directors and shall preside over all Board meetings and Association meetings.

4.6 Liability of the Board. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any 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 members of the Board of 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 V

### **Powers and Duties of the Board of Directors**

5.1 Powers. The Board of Directors shall have the powers necessary for the administration of the affairs of the Association, and may do all such acts or things, except such

acts or things that by law or the Declaration of these Bylaws may not be delegated to the Board. Such powers of the Board shall include, but be limited to, the following:

- (a) 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 these Bylaws, the Articles of Incorporation, or the Declaration;
- (b) Declare the office of a member of the Board of Directors to be vacant in the event a member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (c) Determine the Common Expenses required for running the affairs of the Association, including, without limitation, the operation and maintenance of the Property;
- (d) Collecting the Common Expenses (monthly dues and/or assessments) from the Unit Owners;
- (e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties;
- (f) Opening bank accounts on behalf of the Association and designating the signatories required therefor;
- (g) Supervising the operation, care, upkeep and maintenance of the Common Areas;
- (h) Adopting and amending such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety, and general welfare of the Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Unit Owners and occupants, and the entire Property shall at all times be maintained subject to such rules and regulations;
- (i) Entering any Unit when necessary to effect emergency repairs of any problem that threatens the Common Areas or another Owners Unit. Such entry shall be made during reasonable hours with as little inconvenience to the Unit Owner as practical, and any damage caused thereby shall be repaired by the Board, with such expenses being treated as a Common Expense;
- (j) Signing all agreements, contracts, deeds, vouchers for the payment of expenses, and other instruments in such manner as from time to time shall be determined by written resolution of the Board. However, any contracts or leases executed on behalf of the Association prior to the passage of control of the Board to the Association must be terminable by the Association without penalty on not more than ninety (90) days written notice. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the President;

(k) Grant easements for the installation and maintenance of sewer or water lines and other utilities or drainage facilities upon, over, under, and across the Common Areas without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Property;

(l) Employ attorneys to represent the Association when deemed necessary;

(m) Appoint and remove at pleasure all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bonds as it may deem expedient;

(n) Obtaining insurance for the Property, including the Units if required, pursuant to the applicable provisions of the Declaration;

(o) Making or contracting for repairs, additions, and improvements to or alterations or restoration of the property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation of eminent domain proceeding;

(p) Instituting, defending, or intervening in litigation or administrative proceedings in the name of or on behalf of the Association or two or more Unit Owners on matters affecting the Association or the Property;

(q) Borrowing money on behalf of the Association when required in connection with the construction, permanent financing, operation, care, upkeep, and maintenance of the Common Property, Amenities, or the acquisition of property, and granting mortgages on and/or security interests in Association owned property; provided, however, that the consent of a majority of the Unit Owners represented at a meeting at which a quorum has been attained in accordance with the provisions of these Bylaws shall be required for the cumulative borrowing of any sum in excess of \$5,000.00.

(r) Imposing charges for late payment of monthly dues or special or individual assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, these Bylaws, and the rules and regulations established by the Association;

(s) Exercising all the powers specifically set forth in the Declaration, the Articles of Incorporation, and these Bylaws; all powers incidental thereof; and all other powers of a non-profit North Carolina Corporation;

(t) Suspending the right of any Unit Owner to vote as long as said Unit Owner is delinquent in the payment of monthly dues or assessments or is otherwise in violation of the Declaration or any exhibits thereto or applicable rules and regulations.

(u) The power to levy assessments as more particularly set forth in the Declaration.

5.2 Duties. The duties of the Board of Directors shall be to:

(a) Cause to be kept a complete record of all its acts and corporation affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to at least one-third (1/3) of the votes appurtenant to the Lots;

(b) Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration:

(1) Fix the amount of the assessments as more particularly described in the Declaration;

(2) Send written notice of each assessment to every Owner subject thereto before its due date, and;

(d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any dues or assessments are past due. If a certificate states that dues and assessments are current, such certificate shall be conclusive evidence of such payment;

(e) Cause all officers or employees having fiscal responsibilities to be bonded as deemed appropriate by the Board;

(f) Cause the Common Areas to be maintained;

(g) The Board shall keep minutes of its proceedings, which shall be available for inspection by Unit Owners during reasonable business hours.

## **ARTICLE VI**

### **Officers and their Duties**

6.1 Officers. The officers of the 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 may from time to time by resolution create.

6.2 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.

6.3 Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

6.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

6.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of 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.

6.6 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.

6.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to paragraph 6.4.

6.8 Compensation. No officer shall receive any compensation from the Association for acting as such.

6.9 Duties. The duties of the officers are as follows:

#### **President**

The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and manage the affairs of the Association. The President shall preside at all meetings of the Board of Directors; shall see that the orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments; and shall co-sign all checks and promissory notes.

#### **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 other duties as may be required by him by the Board.

#### **Secretary**

The Secretary shall keep the minutes and record the votes at all meetings and proceedings of the Board of Directors and of the Members; shall keep the Corporate Seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of

the Members; shall 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.

### **Treasurer**

The Treasurer shall receive directly or through a management agent and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expense to be presented to the membership at its regular annual meeting. A copy of the statement of income and expenses, and a copy of the next proposed budget shall be delivered to each Member of the Association.

## **ARTICLE VII**

### **Committees**

The Association shall appoint a Nominating Committee, as provided for in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its intended purpose.

## **ARTICLE VIII**

### **Books and Records**

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association.

## **ARTICLE IX**

### **Operation of the Property**

9.1 **Initial Assessment.** Declarant shall adopt a proposed budget for the Association, and may levy an Initial Assessment against the Units, in accordance with the Declaration, Section 5.05. This initial assessment shall be used for the purpose of defraying the costs of establishing the Homeowners Association and starting a sinking fund for the purpose of defraying the costs of running and managing the Association, in accordance with the Declaration, Section 5.02. These initial assessments may be changed from time to time by Declarant, and by the Board of Directors upon the Board's taking over control of the management of the Association.

9.2 Assessment and Determination of Common Expenses. Upon assumption of control of the Association by the Members and the Board of Directors, the Board shall from time to time, and at least annually, prepare a budget for the Association, (So long as the county water supply is metered by a master meter, the Association will pay the total bill and apportion the amount to the Unit Owners.) for the purpose of determining the amount of monthly dues and any requirement for assessments to be collected from Unit Owners during the forthcoming year. Such dues and assessments are levied in order to provide for the Common Expenses of the Association, and to allocate and assess such Common Expenses equally among the Unit Owners, and shall be determined by taking into consideration the projected income and expenses, as well as any surplus from the prior year's operation. The Common Expenses shall include, without limitation, the expenses, costs, and charges incurred in connection with the administration, operation and management of the Association Property; the cost of maintenance, repair, replacement and restoration of the Common Areas, or any part thereof; the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board pursuant to the provisions of the Declaration; such amounts as the Board may deem proper for the convenience, comfort and well-being of the Unit Owners; and for the operation, management, and maintenance of the Property, including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year; the cost of administration and any appropriate maintenance to the exterior portions of the Units; and any other expenses lawfully agreed upon.

In establishing a reserve fund for replacements, the Board shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall then set the required capital contribution in an amount sufficient to permit meeting the projected capital needs of the Association with respect to both amount and timing by equal monthly or annual installments over the applicable period.

Within thirty (30) days after adoption by the Board of any proposed budget for the Association, the Board shall provide a summary of the budget to all Unit Owners and shall give notice of a date for a meeting of the Unit Owners to consider ratification of the budget. The date shall be the third Monday of April each year. A quorum need not be present, the budget being ratified unless at the meeting a majority of all the Unit Owners votes to reject the proposed budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board; provided, however, the requirements of this Section relating to budget adoption shall not be applicable to the adoption of the initial budget nor the levy of the initial assessment by the Declarant.

## **ARTICLE X**

### **Dues and Assessments**

As more fully provided in the Declaration, each Member is obligated to pay to the Association monthly dues and special assessments as determined initially by the Declarant, and

subsequently by the Board of Directors. Any monthly dues and/or assessments which are not paid when due shall be considered delinquent. If an assessment is not paid by its due date, as set forth in the notice to the Owner, the assessment shall bear interest from such due date at the rate of eighteen percent (18%) per annum or at the highest rate then permitted by law, whichever is less, plus such late charge as may be established by the Board. The Association may bring an action at law against the Member personally obligated to pay the same. Late charges, costs of collection and reasonable attorneys' fees related to any such action shall be added to the amount of such assessments, all in accordance with the provisions of the Declaration. No Member may waive or otherwise escape liability for the payment of monthly dues or assessments provided for herein by the non-use of the Property.

## ARTICLE XI

### Miscellaneous

11.1 Ad Valorem Taxes. Each Unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Unit Owner shall be liable solely for the amount of taxes assessed against his Unit and shall not be affected by the consequences resulting from any tax delinquency of other Unit Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep, and repair of the Common Property shall be listed for said taxes in the name of and paid by the Association. Each Unit Owner is also responsible for his pro rata share of the real estate taxes assessed on the Common Property, which shall be an expense of the Association, paid out of Common Expense funds, and is covered by Unit Owners as a part of the monthly dues paid by each Unit Owner.

11.2 Notification to Mortgagees. Any Owner who mortgages his Unit shall notify the Association of the name and address of the Mortgagee, and the Association shall maintain such information in a record book entitled "Mortgagee of Unit Owners." In addition to any other notification provided for in the Declaration or these Bylaws, the Association may, at the written request of a Mortgagee of any Unit, report any unpaid dues or assessments due from the Owner of any Unit.

11.3 Severability. Invalidation of any covenant, condition, restriction, or other provision of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

11.4 Successors Bound. The rights, privileges, duties, and responsibilities set forth in the Declaration and these Bylaws, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all persons who own or thereafter acquire any of the Units, and by nature of the relationship with ownership of the Common Property, also own a pro rata interest in the Common Property.

11.5 Gender, Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning, and the use of any gender shall be deemed to include all genders.

11.6 Principal Office – Registered Office. The initial principal office and registered office of the Association shall be located at 3916 Jasmine Lane, Denver NC. 28037.

11.7 Fiscal Year. The fiscal year of the Association shall be May 1<sup>st</sup>. through April 30<sup>th</sup>.

11.8 Amendments. These Bylaws may be amended, at a regular or special meeting of the Members, by a majority of all votes present at a duly held meeting of the Members at which a quorum is present in person or by proxy, except that the Federal Housing Administration or Veterans Administration shall have the right to veto amendments while there is a Class B membership.

### **CERTIFICATION**

I, the undersigned, do hereby certify:

THAT I am the duly elected Manager of The Consolidated Group of Denver, LLC, and that the foregoing Bylaws constitute the original Bylaws of The Terraces, as promulgated by the Declarant, The Consolidated Group of Denver, LLC.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

THE CONSOLIDATED GROUP OF DENVER, LLC

By: \_\_\_\_\_  
Gary G. Dellinger, Manager

This document presented and filed:

09/11/2013 11:43:46 AM

AGREEMENT

Fee \$26.00

512451



Lincoln County North Carolina  
Danny R. Hester, Register of Deeds

\$26(2)  
✓ (EM)

Prepared by and return to: Sellers, Hinshaw, Ayers, Dortch & Lyons, P.A.  
301 S. McDowell Street, Suite 410  
Charlotte, NC 28204-2686

**STATE OF NORTH CAROLINA  
COUNTY OF LINCOLN**

**CERTIFICATION OF AMENDMENT TO  
BYLAWS FOR THE TERRACES HOMEOWNERS  
ASSOCIATION, INC.**

This **CERTIFICATION OF AMENDMENT TO THE BYLAWS FOR THE TERRACES HOMEOWNERS ASSOCIATION, INC.** is made pursuant to Article XI, Section 11.8 of the Bylaws of The Terraces Homeowners Association, Inc., as previously amended via that Certification of Amendment recorded in Book 2265 at Page 838 of the Lincoln County Public Registry (hereinafter "the Bylaws").

Statement of Purpose

The Bylaws provide in Article XI, Section 8 for amendment to the Bylaws upon the affirmative vote of a majority the Members. In accordance with the requirements of the Bylaws, as well as N.C.G.S. §55A-7-08, the following amendment to the Bylaws were approved by the affirmative vote of the required percentage of the votes in the Association. Accordingly, the due and proper adoption of following Amendment is hereby certified by the President and the Secretary of The Terraces Homeowners Association, Inc.

**NOW, THEREFORE**, with the approval of a majority of the total votes of the Members as set forth in Article XI, Section 8 of the Bylaws, the Bylaws are hereby amended as follows:

The third paragraph of **ARTICLE IX**, Section 9.2 of the Bylaws is amended by deleting the existing language contained therein and substituting the following in lieu thereof:

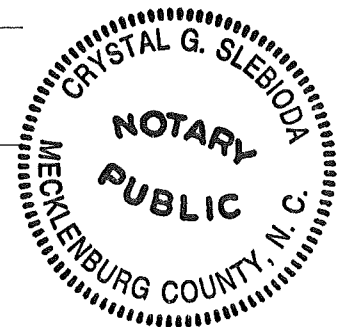
Within thirty (30) days after adoption by the Board of any proposed budget for the Association, the Board shall provide a summary of the budget to all Unit Owners and shall give notice of a date for a meeting of the Unit Owners to consider ratification of the budget. A quorum need not be present, the budget being ratified unless at the meeting a majority of all the Unit Owners votes to reject the proposed budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

IN WITNESS WHEREOF the undersigned officers of **THE TERRACES HOMEOWNERS ASSOCIATION, INC.** certify the proper adoption of this amendment, and do hereby certify that approval of this amendment was obtained as required by the Bylaws and in accordance with North Carolina law and that this amendment to the Bylaws has been duly adopted to be effective upon recordation.

**THE TERRACES HOMEOWNERS ASSOCIATION, INC.**

By: Robert D. Armstrong  
Name:  
President

By: Pamela Goss  
Name:  
Secretary



STATE OF NORTH CAROLINA  
COUNTY OF Mecklenburg

I, a notary public for the County and State aforesaid, certify that Robert Armstrong, being first duly sworn, appeared before me this day and certifies that (s)he was the **President** of **THE TERRACES HOMEOWNERS ASSOCIATION, INC.** when the foregoing amendment was passed, and, upon authority duly given and as the act of the association, certified the due adoption and execution of the forgoing instrument.

This the 28<sup>th</sup> day of August, 2013.

Crystal G. Slebida  
Notary Public

Seal or Stamp:  
My Commission Expires: May 06, 2014

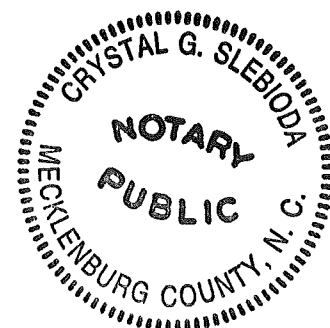
STATE OF NORTH CAROLINA  
COUNTY OF Mecklenburg

I, a notary public for the County and State aforesaid, certify that Pamela Goss, being first duly sworn, appeared before me this day and certifies that (s)he was the **Secretary** of **THE TERRACES HOMEOWNERS ASSOCIATION, INC.** at the time the amendment was passed and, upon authority duly given and as the act of the association, certified the due adoption and execution of the forgoing instrument.

This the 28<sup>th</sup> day of August, 2013.

Crystal G. Slebida  
Notary Public

Seal or Stamp:  
My Commission Expires: May 06, 2014



This document presented and filed:

09/11/2013 11:43:46 AM

AGREEMENT

Fee \$26.00

512451



Lincoln County North Carolina  
Danny R. Hester, Register of Deeds

\$26(2)  
✓  
(EM)

Prepared by and return to: Sellers, Hinshaw, Ayers, Dortch & Lyons, P.A.  
301 S. McDowell Street, Suite 410  
Charlotte, NC 28204-2686

**STATE OF NORTH CAROLINA**  
**COUNTY OF LINCOLN**

**CERTIFICATION OF AMENDMENT TO**  
**BYLAWS FOR THE TERRACES HOMEOWNERS**  
**ASSOCIATION, INC.**

This **CERTIFICATION OF AMENDMENT TO THE BYLAWS FOR THE TERRACES HOMEOWNERS ASSOCIATION, INC.** is made pursuant to Article XI, Section 11.8 of the Bylaws of The Terraces Homeowners Association, Inc., as previously amended via that Certification of Amendment recorded in Book 2265 at Page 838 of the Lincoln County Public Registry (hereinafter "the Bylaws").

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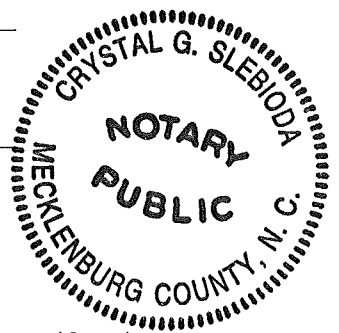
Within thirty (30) days after adoption by the Board of any proposed budget for the Association, the Board shall provide a summary of the budget to all Unit Owners and shall give notice of a date for a meeting of the Unit Owners to consider ratification of the budget. A quorum need not be present, the budget being ratified unless at the meeting a majority of all the Unit Owners votes to reject the proposed budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

IN WITNESS WHEREOF the undersigned officers of **THE TERRACES HOMEOWNERS ASSOCIATION, INC.** certify the proper adoption of this amendment, and do hereby certify that approval of this amendment was obtained as required by the Bylaws and in accordance with North Carolina law and that this amendment to the Bylaws has been duly adopted to be effective upon recordation.

**THE TERRACES HOMEOWNERS ASSOCIATION, INC.**

By: Robert D. Armstrong  
Name:  
President

By: Pamela Goss  
Name:  
Secretary



STATE OF NORTH CAROLINA  
COUNTY OF Mecklenburg

I, a notary public for the County and State aforesaid, certify that Robert Armstrong, being first duly sworn, appeared before me this day and certifies that (s)he was the **President** of **THE TERRACES HOMEOWNERS ASSOCIATION, INC.** when the foregoing amendment was passed, and, upon authority duly given and as the act of the association, certified the due adoption and execution of the forgoing instrument.

This the 28<sup>th</sup> day of August, 2013.

Crystal G. Slebida  
Notary Public

Seal or Stamp:  
My Commission Expires: May 06, 2014.

STATE OF NORTH CAROLINA  
COUNTY OF Mecklenburg

I, a notary public for the County and State aforesaid, certify that Pamela Goss, being first duly sworn, appeared before me this day and certifies that (s)he was the **Secretary** of **THE TERRACES HOMEOWNERS ASSOCIATION, INC.** at the time the amendment was passed and, upon authority duly given and as the act of the association, certified the due adoption and execution of the forgoing instrument.

This the 28<sup>th</sup> day of August, 2013.

Crystal G. Slebida  
Notary Public

Seal or Stamp:  
My Commission Expires: May 06, 2014

