

Revised and Completely Restated

Bylaws of

Pinehurst Trace Homeowners Association

One Mockingbird Way, Pinehurst, North Carolina 28374

January 28, 2020

	<u>INDEX</u>	<u>PAGE</u>
ARTICLE I	NAME AND LOCATION	3
ARTICLE II	DEFINITIONS	3
ARTICLE III	MEETINGS OF MEMBERS	4
ARTICLE IV	BOARD OF DIRECTORS	5
ARTICLE V	MEETINGS OF DIRECTORS	7
ARTICLE VI	POWERS AND DUTIES OF THE BOARD OF DIRECTORS	8
ARTICLE VII	OFFICERS AND THEIR DUTIES	10
ARTICLE VIII	LIABILITY OF THE BOARD	13
ARTICLE IX	COMMITTEES	13
ARTICLE X	BOOKS AND RECORDS	14
ARTICLE XI	ASSESSMENTS	14

INDEX

PAGE

ARTICLE	XII	CORPORATE SEAL	15
ARTICLE	XIII	AMENDMENTS	15
ARTICLE	XIV	FISCAL YEAR	15
ARTICLE	XV	INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS	15
ARTICLE	XVI	ARBITRATION	17
ARTICLE	XVII	PARLIAMENTARY AUTHORITY	18
ARTICLE	XVIII	COMPLIANCE	18

BYLAWS

PINEHURST TRACE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Pinehurst Trace Homeowners Association, hereinafter referred to as the Association.

Section 2. Location. The principal office of the Corporation shall be located at Pinehurst Trace, Moore County, North Carolina.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Pinehurst Trace Homeowners Association, a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Board" shall mean a Board of Members of the number stated in the Bylaws, which constitutes the Board of Directors of the Association which shall manage the business, operation and affairs of the property on behalf of the homeowners.

Section 3. "Common Areas" shall mean the common areas and facilities owned by the Association for the common use and enjoyment of the owners as defined in the Covenants.

Section 4. "Covenants" shall mean and refer to the Protective Covenants, Conditions and Restrictions for Pinehurst Trace applicable to the property recorded in the office of the Register of Deeds for Moore County, North Carolina.

Section 5. "Majority" shall mean any number of voters which is greater than fifty (50) percent of the members having voting rights.

Section 6. "Member" shall mean and refer to every person who holds title as owner/owners of a lot in Pinehurst Trace and shall include properties held by estates or trusts. Voting rights are restricted to one vote per lot. In the event that any person owns more than one lot within the subdivision, he or she shall be entitled to one vote for each lot so owned.

Section 7. "Property" shall include the land described in Schedule A attached to the Protective Covenants, Conditions and Restrictions for Pinehurst Trace.

ARTICLE III  
MEETINGS OF MEMBERS

Section 1. Annual Meeting. The Annual Meeting of the Members shall be held on the third Friday of January at 10:30 a.m. If the day for the meeting is a legal holiday, the meeting shall be held at the same hour on the first business day following that 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 the Board upon written request of twenty-five (25) percent of the Members who are entitled to vote.

Section 3. Place of Meetings. All meetings of the Members shall be held at such place, within Moore County, North Carolina, as shall be determined by the Board.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary, or person authorized to call the meeting, by distributing a copy of such notice, not less than ten (10) days or more than fifty (50) days before the date of such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing in the records of the Association or supplied by the Member to the Association for purpose of notice. Such notice shall specify the place, day and hour of the meeting, and the purpose of the meeting. Notices of all meetings shall be posted on the bulletin board of the Association's clubhouse at the time of distribution.

Section 5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, more than fifty (50) percent of votes shall constitute a

quorum for any action, except as otherwise provided in the Articles of Incorporation, the Covenants, or Bylaws.

Section 6. Proxies. At all meetings of Members, each Member may vote in person, by absentee ballot or by proxy. All proxies shall be in writing and filed with the Manager of Pinehurst Trace Homeowners Association, who shall serve as Secretary for the purposes herein only (“Manager”) prior to the meeting.

#### ARTICLE IV BOARD OF DIRECTORS

Section 1. Number. The business and affairs of the Association shall be managed by a Board of five (5) Directors, all of whom shall be resident Members of the Association.

Section 2. Term of Office. The term of office for all directors shall be two years, commencing February 1 following the Annual Meeting in January, with three (3) seats to be filled and two (2) seats to be filled in alternating years. At the discretion of the new Board, the outgoing President shall remain a non-voting (ex officio) Member for one additional year. A Member who serves as a Director for a two-year term shall be ineligible for reelection as a Director or for appointment to fill a vacancy on the Board until one year has elapsed following his or her prior service. Each Director shall hold office until the expiration of his or her term or until the office is vacated for whatever reason.

Section 3. Nominations. Nominations for election to the Board shall be made by a Nominating Committee, which shall be appointed by the President with Board approval at least ninety (90) days prior to the Annual Meeting. The Committee shall be comprised of five (5) Members, none of whom shall be a Member of the Board. The President shall call the first meeting of the Nominating Committee, at which meeting the Committee shall choose its Chairman. The Committee shall make as many nominations as, in its discretion, it shall determine, but not fewer than the number of vacancies to be filled. The Committee shall prepare a list of

nominees and distribute it to the Members not less than forty-five (45) days prior to the Annual Meeting. Thereafter, nominations of Members in good standing shall be accepted if presented by a petition signed by no fewer than twenty-five (25) Members. Nominations shall be closed twenty (20) days prior to the Annual Meeting. The Nominating Committee shall prepare and distribute to the Members a sample ballot which shall include the names of all nominees, not less than fifteen (15) days prior to the Annual Meeting.

Section 4. Election. Except as provided in Section 6 of this Article, Directors shall be elected by written ballot on the day of, but prior to the convening of the Annual Meeting. Each Member, as defined in Article II, Section 6, may cast one vote in person, by proxy, or by sealed absentee ballot. Absentee ballots shall be received by the day preceding the day of the election.

Section 5. Tellers. At least thirty (30) days prior to the Annual Meeting, the President shall appoint a committee of at least five (5) Members as Tellers for the election. The President shall call a meeting of the Committee, at which meeting the Committee shall choose its Chairman. The duties of the Chairman shall be: distribute among committee members the official list of eligible voters for the purpose of certifying the eligibility of all voters; open and close the poll; in the event of a tie, conduct a draw to determine the elected Member or Members; announce the results of the voting to the Membership; post the results of the voting on the bulletin board; turn over to the Manager all ballots and proxies. The duties of the Tellers Committee shall be: prior to the election approve the official list of eligible voters; record the receipt of all absentee ballots and place them in the locked ballot box prior to the closing of the poll; count the votes; sign the official ballot count.

Section 6. Vacancy. In the event of a vacancy, a successor to serve out the unexpired term shall be selected by the remaining Members of the Board. The interim appointment shall be made within thirty (30) days following the date of the vacancy.

Section 7. Removal. Any Director may be removed from the Board by a majority vote of the Members of the Association who are entitled to vote, at a special

Homeowners Meeting called for that purpose. A spokesman representing each position may explain that position.

Section 8. Compensation. No Member of the Association, either as a Director or as an appointed officer, shall receive compensation for any service he or she may render to the Association. However, reimbursement of actual expenses incurred in the performance of duties may be allowed when approved by the Board of Directors. Members of the Association cannot become employees of the Association.

ARTICLE V  
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings shall be held monthly at 10:30 a.m. on the third Friday of each month.

Section 2. Special or Executive Meetings. Special or Executive meetings may be called by the President or any two (2) Members of the Board upon forty-eight (48) hours notice to all Members of the Board. Agenda items must be identified at time of call.

Section 3. Emergency Meetings. Emergency meetings may be called immediately by the President or, in the absence of the President, by any two (2) Members of the Board. Emergency, as used in this instance, is defined as a sudden, catastrophic occurrence requiring urgent action of the Board of Directors.

Section 4. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Any action taken or decision made by a majority of the Directors shall be regarded as the action or decision of the Board.

Section 5. Attendance of Members at Board Meetings. Members may attend meetings of the Board as observers only. They may not participate in discussions of the Board unless requested to do so by the President of the Board.

Section 6. Petitions to the Board. Members may present petitions to the Board for action by the Board, provided that such petitions are presented in writing at

least one week prior to a meeting of the Board, and may request the opportunity to be heard in support of the petition at the next regular meeting of the Board.

ARTICLE VI  
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers.

The Board shall have the power to:

- (a) Adopt policies and publish rules and regulations governing the use of common elements and facilities and personal conduct of the Members and their guests with respect to said elements and facilities; and establish penalties for the infraction thereof;
- (b) Suspend the voting rights and right to use the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any dues or any assessment levied by the Association after thirty (30) days. Such rights may be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of the published rules and regulations;
- (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 these Bylaws, the Articles of Incorporation, or the Covenants. The authority for approval of capital expenditures or improvements shall be limited to \$5,000. Any capital expenditure or improvement in excess of \$5,000 must be approved by a majority vote of the Members of the Association in person or by proxy at any meeting called for such purpose. This limitation, however, is not applicable to repair or maintenance of Association property;
- (d) Declare the office of a Member of the Board to be vacant in the event such Member shall be absent for three (3) consecutive regular meetings of the Board, except when such absence is with just cause, determined by the Board;

- (e) Employ a manager, independent contractor, or such other employees as they may deem necessary, and prescribe their duties by means of a job description;
- (f) Employ legal counsel to represent the Association when deemed necessary;
- (g) Grant easements for the installation and maintenance of sewerage, utilities of drainage facilities upon, over, under, or across the common elements without assent of the Membership when such easements are requested for the convenient use and enjoyment of the properties;
- (h) Appoint and remove at pleasure all officers, agents, and employees of the Association, prescribe their duties, set their compensation and require of them such security and fidelity bond as it may deem expedient.

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

- (a) Cause to be kept a complete record consisting of: minutes of all meetings of the Board of Directors; monthly financial statements; most recent year's audit; budget for the following year; and shall present a statement thereof to the Members at the Annual Meeting of the Members;
- (b) Supervise all officers, committees, agents, and employees of the Association and see that their duties are properly performed;
- (c) Prepare and publish job descriptions for all employees. The type and frequency of evaluation of job performance shall be at the discretion of the Board;
- (d) As more fully provided in the Covenants, to:
  - (1) Fix the amount of the monthly dues for each lot at least thirty (30) days before January 1 of each year. Provide a copy of such Budget to the Lot Owners and thereafter hold a meeting of the Lot Owners to review the Budget and consider approval thereof.
  - (2) Send written notice of any special assessment to every Owner/Estate subject thereto, at least thirty (30) days before its due date.
  - (3) Foreclose the lien against any property for which dues or assessments are not paid within sixty (60) days after due date, or

bring an action at law against the Owner/Estate obligated to the same.

- (e) Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any dues or assessments have been paid. A reasonable charge may be made by the Board for the issuance of a certificate. If a certificate states that dues or assessments have been paid, such certificate shall be conclusive evidence of such payment;
- (f) Procure and maintain adequate liability insurance covering the Association and the Directors and Officers thereof, as well as adequate hazard and liability insurance on the property owned by the Association and by the Owners as provided in the Covenants.
- (g) Cause all Officers and employees having fiscal responsibility to be bonded as it may be deemed expedient;
- (h) Cause the common elements to be maintained;
- (i) Take whatever actions may be necessary and required to enforce and put into effect the provisions of the Covenants.

## ARTICLE VII

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President and Vice President, who at all times shall be Members of the Board, a Secretary, a Treasurer, and such other officers as the Board shall create by resolution from time to time.

Section 2. Election of Officers. The election of officers shall take place at the organizational meeting of the Board following each Annual Meeting but prior to February 1. The organizational meeting shall be chaired by the outgoing President.

Section 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 or her office is vacated for whatever reason.

Special 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 determine.

Section 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.

Section 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 or she replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No Person shall hold simultaneously more than one of the other offices except in the case of special offices created pursuant to Section 4 of this same Article.

Section 8. Compensation. No officer shall receive any compensation from the Association for serving in that capacity.

Section 9. Duties. The duties of the officers are as follows:

President: The President shall be the principal executive officer of the Association. The President, with the consensus of the Board, shall supervise and direct the management of the Association. The President shall provide leadership for the Board and execute or delegate required tasks. The President shall work to preserve and enhance the lifestyle and expectation of all residents. The President shall be concerned with the image of the Association and how Board decisions affect community appearance and property values. The President shall help define the overall goals of the Association and maximize the asset resources.

The President shall preside at all meetings and see that resolutions, decisions and policies of the Board are carried out and in compliance with all governing documents. The President shall supervise negotiation of contracts; sign all leases, mortgages, deeds and other written instruments and checks. The President shall actively participate in the budget process and review monthly financial reports with special emphasis on expenses versus budget.

Vice President: The Vice President shall act in the place of the President in the event of his or her inability or refusal to act; and shall exercise and discharge such other duties as may be required of him or her by the Board.

Secretary: The duties of the Secretary are as follows, any or all of which may, at the direction of the Board, be assigned to the Manager for completion:

1. Keep the minutes of all meetings and proceedings of the Board and of the Members;
2. Keep the corporate seal of the Association and affix it to all papers requiring said seal;
3. Keep a record of current Lot Owners entitled to vote on matters required to be approved by the Lot Owners.
4. Perform any other duties as requested by the Board.

Treasurer: The required duties of the Treasurer are as follows:

1. Have full signature authority and responsibility for all bank accounts including purchase and redemption of certificates of deposit and Federal Reserve Notes.
2. Sign or cosign checks drawn on both the operating and replacement accounts.
3. Review, assign account numbers and approve all invoices other than regular invoices for services or purchases.
4. Invest/reinvest available Reserve Account Funds upon the recommendation of the Finance Committee and approval of the Board.
5. Verify Bank Reconciliation at least quarterly and at year end.
6. Assist in preparation of annual budget.

7. Initiate an audit of the Association's books every three years beginning for calendar year 2019 to be made by a Certified Public Accountant at the completion of each third fiscal year.
8. Initiate the filing of the Association's income taxes at the completion of each fiscal year.
9. Give a financial report at each scheduled meeting of the Board.
10. Prepare the annual financial statements presented to the membership at the regular Annual Meeting.
11. Be the financial advisor to the Board.

#### Article VIII

#### LIABILITY OF THE BOARD

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

#### ARTICLE IX

#### COMMITTEES

The Board shall appoint a Nominating Committee, a Tellers Committee, and such other committees as deemed appropriate in carrying out its purpose.

ARTICLE X  
BOOKS AND RECORDS

The completed records approved by the Board as well as the Articles of Incorporation, Protective Covenants, Conditions and Restrictions, and Bylaws shall be available for inspection by any Member of the Association during office hours. The Secretary of the Board shall maintain the records of the Association in the Pinehurst Trace Homeowners Association Office. Reference copies of the current fiscal year and the documents listed above shall be in the Library of the Clubhouse for review by Members of the Association.

ARTICLE XI  
ASSESSMENTS

As more fully provided in the Covenants, each Member is obligated to pay to the Association monthly dues and special assessments which are secured by a continuing lien upon the property against which the dues and/or assessment is made. The monthly dues are due on the first business day of each month. If the monthly dues are not paid by the 10<sup>th</sup> day of the month, it will be declared delinquent and a penalty of 10% will be imposed. If the monthly dues or special assessments are not paid by thirty (30) days after the due date, the dues or assessments will bear interest from the due date at the rate of 10% per annum. The Association may bring an action at law against the owner or owners obligated to pay the same or foreclose the lien against the property. Interest, costs, and reasonable attorney fees for any action shall be added to the amount of such dues or assessment. No Owner may waive or otherwise escape liability for the dues or assessment provided for herein by nonuse of the common areas or abandonment of his or her lot or residence.

ARTICLE XII  
CORPORATE SEAL

The Association shall have a corporate seal in circular form having within its circumference the words: PINEHURST TRACE HOMEOWNERS ASSOCIATION.

ARTICLE XIII  
AMENDMENTS

Section 1. These Bylaws may be amended in whole or in part at a regular or special meeting of the Members at which a quorum is present by the affirmative vote of 2/3 of Members owning lots and all present either in person or by proxy. Written notice, including a full text of the proposed change or changes to the Bylaws, must be provided to all Members thirty (30) days before said regular or special meeting by sending such Notice to the address of the Member used to mail or e-mail statements for dues.

Section 2. In case of any conflict at any time between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In case of any conflict between the Protective Covenants, Conditions and Restrictions, and these Bylaws, the Covenants shall control.

ARTICLE XIV  
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year.

ARTICLE XV  
INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS

The Association shall indemnify any director or officer or former director or officer of the Association, or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorney

fees) or liabilities actually and reasonably incurred by him or her in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he or she 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 or she 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 or her official capacity and as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of the heirs, executive 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 director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

The Association's indemnity of a 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 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 1) under any policy of insurance purchased and maintained on his or her behalf by the Association; or 2) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this ARTICLE XV, 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 XVI  
ARBITRATION

Any claim which 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 Covenants, or under any applicable law, and judgment 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, 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/her or them. If the Director(s) or the Owner(s) shall refuse or fail to so name an arbitrator within thirty (30) days after written notice from the other party/parties requiring the naming of an arbitrator, then the arbitrator so named by the party/parties not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as though he or she were an arbitrator appointed by both parties for that purpose, and his or her award in writing signed by him or her shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings shall be conducted in Moore County, North Carolina.

ARTICLE XVII  
PARLIAMENTARY AUTHORITY

**Robert's Rules of Order**, Newly Revised, shall govern the organization on all points not provided for in these Bylaws. A copy shall be available at all meetings for use by the parliamentarian in rendering decisions on procedure.

ARTICLE XVIII  
COMPLIANCE

All actions of the Board of Directors shall be in compliance with these Bylaws.

Schedule "A"

Pinehurst Trace Subdivision, Moore County, North Carolina

Shown on plats recorded in:

**PLAT CABINET 3 SLIDE 43 (Phase 1)**

**PLAT CABINET 3, SLIDE 15 (Phase 2, sheet 1 of 2)**

**PLAT CABINET 3, SLIDE 76 (Phase 2, sheet 2 of 2)**

**PLAT CABINET 4, SLIDE 37 (Phase 3)**

**PLAT CABINET 3, SLIDE 338 (Phase 4)**

**PLAT CABINET 3, SLIDE 337 (Phase 5)**