

**CAREFREE COVE COMMUNITY ASSOCIATION, INC.  
BYLAWS AMENDMENT RESOLUTION**

By authority granted to the Board of Administrators (BOA) of CAREFREE COVE COMMUNITY ASSOCIATION, INC. (the "Association") in the Carefree Cove Community Association, Inc. Bylaws, this is the action of the BOA.

At the meeting on August 5, 2019, the following resolution was proposed and approved by the BOA, pursuant to Article 18 of these Bylaws:

WHEREAS, amendments to the Carefree Cove Community Association, Inc. Bylaws were proposed by the BOA;

WHEREAS, the amendments are clearly marked on the full text of the Bylaws;

WHEREAS, Turnover Date occurred November 8<sup>th</sup>, 2010 and was enforced on May 26<sup>th</sup>, 2016 by arbitration award;

WHEREAS, a settlement agreement between the Carefree Cove Community Association, Inc. and the developer, CGR Development Corporation, effective May 30, 2017, was recorded in Ashe and Watauga Counties;

WHEREAS, the amendments have been ratified by an affirmative vote or written agreement signed by Lot Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated;

BE IT:

*RESOLVED*, that the copy attached hereto is certified to be the duly adopted amendment of the Declaration and Bylaws, as documents of this Association;

*RESOLVED*, that the amended Bylaws be sent to each of the Members with this resolution.

Adopted by the Board this August 5th, 2019



\_\_\_\_\_  
Suzanne Paszkowski, Association President



\_\_\_\_\_  
Jeanne Tayloe, Association Secretary



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Kaaryn Brackett, Association Treasurer

**BYLAWS OF  
CAREFREE COVE COMMUNITY ASSOCIATION, INC.**

**ARTICLE 1. IDENTITY**

These are the Bylaws of **CAREFREE COVE COMMUNITY ASSOCIATION, INC.** (the "Association") a not-for-profit corporation organized under the laws of the State of North Carolina for the purpose of administering that certain development located in Ashe County and Watauga County, North Carolina, known as Carefree Cove.

- 1.1. **Principal Office.** The principal office of the Association shall be in the community of Carefree Cove in North Carolina, or at another location as may be designated by the Executive Officers of the Board of Administrators of Carefree Cove (herein after referred to as the "Board of Administrators" or "Administrator(s)").
- 1.2. **Fiscal Year.** The fiscal year of the Association shall be the calendar year.
- 1.3. **Seal.** The seal of the Association, if any, shall bear the name of the corporation, the word "North Carolina", the words "corporation not for profit" and the year of incorporation.
- 1.4. **Definitions.** For convenience, these Bylaws shall be referred to as the "Bylaws"; the Articles of Incorporation of the Association as the "Articles"; and the Declaration of Covenants and Restrictions of Carefree Cove as the "Declaration".

The other terms used in these Bylaws shall (unless contrary to the definitions of these Bylaws, the Articles or the Declaration) have the same definition and meaning as those set forth in the North Carolina Planned Community Act, N.C. General Statutes Chapter 47F (the "Act"), as presently constituted, as well as those set forth in the Declaration and the Articles, unless provided to the contrary in these Bylaws, or unless the context otherwise requires.

The term "Board of Administrators" and "Administrator(s)" shall have the same meaning as "Board of Directors" and "Director(s)", respectively, under North Carolina law.

**ARTICLE 2. MEETINGS AND VOTING**

- 2.1. **Annual Membership Meeting.** The Association shall hold a meeting of its Members annually in the month of July at a location designated by the Board of Administrators, for the transaction of any and all proper business. The election of Administrators, must be held at, or in conjunction with, the annual meeting. In the event of a scheduled meeting occurring on a major civil or religious holiday, the Board of Administrators shall have the right to reschedule the meeting.
- 2.2. **Regular Board of Administrators Meetings.** Regular meetings of the Board of Administrators shall be held a minimum of four (4) times per year at a date, time and location (physical or online), at the discretion of the Administrators. The initial meeting of the Board following the Annual Membership Meeting shall be held as provided in section 3.4 below. The Board shall establish the dates, times and meeting locations for its regular meetings and shall thereafter give notice to the Members of the same as provided in sections 2.5, 2.6 and 3.5 below.
- 2.3. **Budget and Assessment Resolution Meeting.** The Administrators shall hold an annual Budget and Assessment Resolution Meeting at a date, time and location (physical or online) as stated in Section 5.1 below.

- 2.4. **Special Meetings of the Board of Administrators or Membership.** Special meetings of either the Board of Administrators or the Membership must be held at a date, time and location (physical or online) when called by the President, a majority of the members of the Board of Administrators, or by at least ten percent (10%) of the total voting interests of the Association. Business conducted at a special meeting is limited to the purposes described in the notice of the meeting.
- 2.5. **Notice of Meetings and Content of Notices.** The Board of Administrators shall deliver, as described in 2.6 below, a notice of a Membership or Board of Administrators meeting. Notice of any Membership meeting shall be given not less than 10 nor more than 60 days in advance of such meeting. The notice shall 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 bylaws, any budget changes, and any proposal to remove a director or officer. Notice of a Board of Administrators regular meetings need not include a description of the purpose or purposes for which the meeting is called. Notice of a special meeting must include a description of the purpose or purposes for which the meeting is called. Members may waive notice of an annual or regular meeting.
- 2.6. **Delivery of Notices and Communications with Members.** The Board may give notice of meetings to the Members by US Mail, delivery companies, or electronic means (e.g., by email or posting on a community website). Each Member must keep their physical and online addresses up-to-date with the Board of Administrators, or its assigns, by timely written or online communication.
- 2.7. **Quorum.** A quorum at meetings of Members shall consist of persons entitled to cast, either in person or by proxy, ten percent (10%) of the votes of the entire Membership.
- 2.8. **Voting.**
- 2.8.1. **Number of Votes.** In any meeting of Members, a Member shall be entitled to cast one (1) vote for each Lot owned. The vote attributable to a Lot is not divisible.
- 2.8.2. **Majority Vote.** The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present shall be binding on all Members for all purposes unless the Act, the Declaration, the Articles, or these Bylaws require a larger percentage of votes, in which case that larger percentage shall control.
- 2.8.3. **Membership-designation of Voting Member.** A person or entity shall become a Member of the Association upon the acquisition of fee simple title to a Lot in Carefree Cove. Association Membership shall be terminated when a person or entity no longer owns a Lot in Carefree Cove. If a Lot is owned by more than one natural person, any record Owner of the Lot may vote in person or by proxy, provided that there shall be no more than one (1) vote per Lot. In the case of a conflict among the Owners of a Lot, the vote attributable to that Lot shall not be counted as to the matter under consideration in which the conflict arose, whether the conflict appears by vote in person or by proxy. Ballots may be cast for Lots owned by corporations or partnerships by a President, Vice President, a partner, or any other person designated in a written certificate filed with the Secretary of the Association and signed by a President or Vice President of a corporation or a partner of a partnership.
- 2.8.4. **Proxies, Powers of Attorney.** Members have the right to vote in person, by electronic or mail vote if that option is provided, or by proxy (both limited and general). To be valid, a proxy must state the date, time and location of the meeting for which it was given, and must be signed by the

authorized person who executed the proxy. The proxy is effective only for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires ninety (90) days after the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy form expressly so provides, any proxy holder may appoint, in writing, a substitute to act in his place.

- 2.8.5. **Secret Ballot, Proxy.** Any vote to amend the Declaration to change the percentage of ownership in the common elements or the sharing of the common expense must be conducted by secret ballot. Members wishing to vote a secret ballot by proxy must comply with Section 2.8.4 above of these Bylaws. Provision shall be made for the secret ballot slip to be returned to the Secretary of the Association in a sealed, unmarked envelope, separate from the proxy, which shall be placed in a larger envelope containing the sealed ballot. At the meeting at which the secret ballot is to be taken, the Secretary will present the unopened envelopes to the inspectors of election, who will then examine and verify the proxies separately from the secret ballots in a manner that will ensure the integrity of the secret vote. The inspectors of election will then tally the secret ballots of those present at the meeting together with those of the Members voting by proxy and announce the results.
- 2.9. **Adjourned Meetings.** If any meeting of Members cannot be organized because a quorum is not present, the Members who are present, either in person or by proxy, may adjourn the meeting until a quorum is present. The date, time and location (physical or online) to which the meeting is adjourned shall be announced at the meeting at which the adjournment is taken, before the adjournment is taken, and a notice shall be broadcast online to members as soon thereafter as may be practical stating the date, time and location (physical or online) to which the meeting is adjourned. Any business that might have been transacted on the original date of the meeting may be transacted at the adjourned meeting.
- 2.10. **Electronic Uses for Meetings.** All meetings, except for the annual membership meeting, may be held via email, conference telephone and/or online by any means and procedures adopted by the Board of Administrators; *provided*, that the means of meeting must allow all attendees to simultaneously hear all other attendees during the meeting.
- 2.11. **Recording.** The Board of Administrators of the Association may adopt reasonable rules governing the recording of meetings of the Administrators and the Membership, including, but not limited to, not allowing recording of any kind.

### **ARTICLE 3. THE BOARD OF ADMINISTRATORS**

- 3.1. **Number and Qualifications.** The Board of Administrators shall be composed of any odd number of Administrators that the Members may decide but shall not be less than three. The Administrators must either be Members, officers of a corporate Lot Owner, or partners or members of a partnership or limited liability company Lot Owner. No Administrator shall continue to serve on the Board of Administrators after the Member ceases to be a Member of Carefree Cove Community Association, Inc.
- 3.2. **Election.** Election of Administrators shall be conducted in the following manner.

- 3.2.1. Election of Administrators shall be held at the annual Members' meeting.
  - 3.2.2. The Administrators shall be elected by written or online ballot or voting machine.
  - 3.2.3. Vacancies on the Board of Administrators occurring between annual Member meetings shall be filled by a majority vote of the remaining Administrators. Vacancies created by the Members' approval of an increase in the number of Administrators may be filled only by the vote of the Members of the Association at any annual or special meeting.
  - 3.2.4. Administrators elected by Members shall be subject to recall only by vote of the Members. A meeting of the Members to recall a Member(s) of the Board of Administrators may be called as a special meeting.
- 3.3. **Administrator Term.** Each Administrator shall serve for a period of 2 years, and the terms of the Administrators shall be staggered so that no more than three terms expire in any one year. The term of each Administrator's service shall extend until a successor is duly elected and qualified, or until the Administrator is removed in the manner elsewhere provided.
- 3.4. **Board of Administrators Organizational Meeting.** The organizational meeting of newly-elected or appointed Administrators shall be held within fourteen (14) days of their election or appointment at such date, time and location (physical or online) as shall be fixed by the Board of Administrators at the meeting at which they were elected or appointed. No other notice to the Membership is required.
- 3.5. **Board of Administrators Regular Meetings.** Meetings of the Board of Administrators, and any Committee thereof, at which a quorum of the Members of that entity is present, shall be open to all Members. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The Board of Administrators may adopt reasonable rules governing the frequency, duration, and manner of Member statements. Notice of meetings shall be broadcast online to Members, at least seventy-two (72) continuous hours preceding the meeting, except in an emergency. Notice of any meeting in which regular assessments against Members are to be considered for any reason shall specifically contain the statement that assessments will be considered and the nature of the assessments.
- 3.5.1. **Executive Session.** Board of Administrators meetings are not open to all Members when the meeting is between the Board of Administrators and its attorney to discuss proposed or pending litigation, when the contents of the discussion would be governed by the attorney-client privilege, or when the meeting is between the Board of Administrators and the employees hired to work for the Association, or when the topics of discussion at the meeting would be of a sensitive nature. An Executive session would then be initiated as per Robert's Rules of Order.
- 3.6. **Special Meetings.** The President or Secretary must call special meetings of the Board of Administrators at the written request of the President or a majority of the members of the Administrators. Adequate notice of all special meetings, which notice shall specifically incorporate identification of agenda items, shall be broadcast online to members at least forty-eight (48) continuous hours preceding the meeting, except in an emergency. At least a majority plus one of the Administrators of the Board of Administrators may take up any item not included on the notice on an emergency basis. Such emergency action shall be noticed and ratified at the next regular meeting of the Board.
- 3.7. **Meetings for Consideration of Assessments.** Written notice of any meeting at

which non-emergency special assessments will be considered, must be delivered, physically or online, to the Members as per Section 2.5 above not less than ten (10) days prior to the meeting. Evidence of compliance with this ten (10) day notice shall be made by an affidavit executed by the person providing the notice and filed among the official records of the Association. Notice of any meeting in which regular assessments against Members are to be considered for any reason shall specifically contain the statement that assessments will be considered and the nature of the assessments.

- 3.8. **Voting of Administrators.** Administrators may not vote by proxy or by secret ballot, except a secret ballot may be used when electing officers.
- 3.9. **Meetings of Committee Members.** Meeting requirements, except date, time and location (physical or online), for Administrators also apply to meetings of any committee, including any architectural board of the Association.
- 3.10. **Waiver of Notice.** Any Administrator may waive notice of a meeting before or after the meeting and that waiver shall be deemed equivalent to the giving of notice. Attendance by any Administrator at a meeting shall constitute a waiver of notice of the meeting, except when that Administrator's attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called.
- 3.11. **Quorum.** A quorum at Board of Administrators meetings shall consist of a majority of the entire Administrators. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Administrators, except when approval by a greater number of Administrators is required by the Act, Declaration, the Articles or these Bylaws.
- 3.12. **Adjourned Meetings.** If at any meeting of the Administrators there is less than a quorum present, the majority of those present may adjourn the meeting.
- 3.13. **Joinder in Meeting by Approval of Minutes.** The joinder of an Administrator in the action of a meeting by signing a joinder concurring in the minutes of that meeting shall not constitute the presence of that Administrator for the purpose of determining a quorum.
- 3.14. **Presiding Officer.** The presiding officer of the Board of Administrators meetings shall be the President of the Board if such an officer has been elected; and if none, the Vice-President shall preside. In the absence of the presiding officer, the Administrators present may designate anyone to preside.
- 3.15. **Order of Business.** The order of business at Board of Administrators meetings shall be:
  - 3.15.1. Calling of roll;
  - 3.15.2. Open forum for members to speak about any agenda item;
  - 3.15.3. Proof of notice of meeting or waiver of notice;
  - 3.15.4. Reading and disposal of any unapproved minutes;
  - 3.15.5. Reports of officers and committees;
  - 3.15.6. Election of officers (if necessary);
  - 3.15.7. Unfinished business;
  - 3.15.8. New business;

- 3.15.9. Adjournment;
- 3.15.10. The order may be waived.
- 3.16. **Minutes of Meetings.** The minutes of all meetings of the Board of Administrators shall be in written form and kept in a book (physical or online) available for inspection by Members or their authorized representatives and Administrators at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years. The vote of each Administrator or abstention, on each issue, must be recorded in the minutes.
- 3.17. **Powers of the Board of Administrators.** All of the powers and duties of the Association existing under the Act, the Declaration, the Articles and these Bylaws shall be exercised exclusively by the Board of Administrators, or its duly authorized agents, contractors or employees, subject only to the approval by Members when that approval is specifically required. The powers and duties of the Board shall include, but shall not be limited to, all powers provided in the North Carolina Planned Community Act, NC General Statutes Chapter 47F, as well as the following to the extent not otherwise provided by law:
- 3.17.1. **Maintenance, Management and Operation of the Association Property and Common Areas.**
- 3.17.2. **Right to Adopt Architectural Rules and Review Lot Improvement Plans.**
- 3.17.3. **Right of Access to Lots.** The Association has the irrevocable right of access to each Lot during reasonable hours as necessary for the maintenance, repair or replacement of any Common Areas or on any easements, or for making repairs necessary to prevent damage to the Common Areas or any easements.
- 3.17.4. **Make and Collect Assessments.**
- 3.17.5. **Lease, Maintain, Repair and Replace the Common Areas and any Easements.**
- 3.17.6. **Lien and Foreclosure for Unpaid Assessments.** The Association has a lien on each Lot for any unpaid assessments with interest and for reasonable attorney's fees incurred in the collection of the assessment or enforcement of the lien. It also has the power to purchase the Lot at the foreclosure sale and to hold, lease, mortgage or convey it.
- 3.17.7. **Purchase Lots.** In addition to its right to purchase Lots at a lien foreclosure sale, the Association generally has the power to purchase Lots in Carefree Cove and to acquire, hold, lease, mortgage and convey them.
- 3.17.8. **Modify Easements.** The Association, without the joinder of any Members, may grant, terminate, or modify any easement for ingress or egress or for utility purposes if the easement constitutes part of or crosses the Common Areas.
- 3.17.9. **Authorize Certain Amendments.** If it appears that through a drafter's error in the Declaration that the Common Areas, common expenses, or common surplus has been stated or distributed improperly, an amendment to the Declaration correcting that error may be approved by the Board of

Administrators or a majority of the Members. No Member except those directly affected shall be required to join in the execution of the amendment.

- 3.17.10. **Adopt Rules and Regulations.** The Association may adopt reasonable Rules and Regulations for the use of the Common Areas.
  - 3.17.11. **Maintain Accounting Records.**
  - 3.17.12. **Obtain Insurance.** The Association shall use its best efforts to obtain and maintain adequate insurance to protect the Association and the common elements.
  - 3.17.13. **Furnish Annual Financial Reports to Members.**
  - 3.17.14. **Give Notice of Liability Exposure.** If the Association may be exposed to liability in excess of insurance coverage in any legal action, it shall give notice of the exposure to all Members, who shall have the right to intervene and defend.
  - 3.17.15. **Provide Certificate of Paid and Unpaid Assessments.** Any Member, mortgagee, or other record lien holder has the right to require from the Association a certificate showing the amount of paid and/or unpaid assessments respecting the Lot. Reasonable charges to produce such document may be assessed to the Member.
  - 3.17.16. **Contract for Maintenance and Management of the Common Areas.**
  - 3.17.17. **Pay Taxes or Assessments Against the Common Areas or Association Property.**
  - 3.17.18. **Pay Costs of Utilities Services Rendered to the Common Areas and Association Property and Not Billed Directly to Individual Lot Owners.**
  - 3.17.19. **Employ and Manage Personnel.** The Association may employ, manage and dismiss personnel as necessary for the maintenance and operation of the Common Areas and may retain those professional services that are required for those purposes.
  - 3.17.20. **Repair or Reconstruct Improvements to Common Areas After Casualty.**
  - 3.17.21. **Appoint an Advisory Committee.** The Administrators shall have the authority to appoint committees, including an advisory committee, to advise the Board concerning any matters the Board deems necessary.
  - 3.17.22. **Impose Reasonable Charges** to produce hard copies of any Association documents for a Member.
- 3.18. No Member shall have the authority to act for or on behalf of the Association solely by virtue of being a Member.

#### **ARTICLE 4. BOARD OF ADMINISTRATORS EXECUTIVE OFFICERS**

- 4.1. **Executive Officers.** The Board of Administrators shall elect, from its Administrators, the Executive Officers of the Association. These shall be a President, a Treasurer and a Secretary. Optionally, the Administrators may also

elect a Vice President and an Assistant Secretary. The officers shall be elected at least annually by the Administrators. An Executive Officer may not hold, sign an instrument nor perform an act in the capacity of more than one (1) office simultaneously, except for the service of the Vice President acting in the capacity of Assistant Secretary. The Administrators from time to time may re-elect its Executive Officers, or elect other officers and designate their powers and duties, as the Board of Administrators shall find to be required to manage the affairs of the Association.

- 4.2. **President.** The President shall be the Chief Executive Officer of the Association. The President shall have all of the powers and duties that usually are vested in the office of President of an Association, including but not limited to the power to appoint committees from among the Members to assist in the conduct of the affairs of the Association as he or she in his or her discretion may determine appropriate. The President shall preside at all meetings of the Board.
- 4.3. **Vice President.** The Vice President shall assist the President, and exercise the powers and perform the duties of the President in the absence of the President. The Vice President may also act in the capacity of Assistant Secretary, and exercise other powers and perform other duties as shall be prescribed by the Administrators.
- 4.4. **Secretary.** The Secretary shall keep the minutes of all proceedings of the Board of Administrators and the Association Members. The Secretary shall attend to the serving of all notices to the Members and Administrators and other notice required by law. The Secretary shall have custody of the seal of the Association, if any, and shall affix it to instruments requiring the seal when duly signed. The Secretary shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the Board or the President.
- 4.5. **Treasurer.** The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. The Treasurer shall keep or oversee the management of the books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available online to the Administrators for examination. The Treasurer shall submit a Treasurer's report to the Board at reasonable intervals and shall perform all other duties incident to the office of Treasurer. All money and other valuable effects shall be kept for the benefit of the Association in depositories as may be designated by a majority of the Board of Administrators.

## **ARTICLE 5. FISCAL MANAGEMENT**

- 5.1. **Board of Administrators Adoption of Budget.** The Board of Administrators shall adopt a budget for the common expenses of the Association in advance of each fiscal year at a **Budget and Assessment Resolution Meeting** called for that purpose at least forty-five (45) days before the end of the fiscal year.
  - 5.1.1. **Notice of Board of Administrators Budget and Assessment Resolution Meeting.** The Administrators shall deliver by US Postal service or electronically by email a meeting notice and copies of the proposed annual budget to the Members not less than ten (10) days before the meeting at which the budget will be considered at the annual **Budget and Assessment Resolution Meeting**. The meeting shall be open to all Members.
  - 5.1.2. **Notice of Ratification of Budget Meeting.** After the Board of Administrators has adopted the Budget and Assessments by Resolution, the Board of Administrators shall provide to all the Members a summary of the budget and a notice of the meeting to consider ratification of the

budget, including a statement that the budget may be ratified without a quorum. The notice will be sent not less than ten (10) days before the meeting. The budget is ratified unless at that meeting a majority of all the Members in the Association, or any larger vote specified in the declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Administrators.

- 5.2. **Budget Requirements.** The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, when applicable, but not limited to:
- 5.2.1. Administration of the Association;
  - 5.2.2. Management fees;
  - 5.2.3. Maintenance;
  - 5.2.4. Taxes on Association Property;
  - 5.2.5. Insurance;
  - 5.2.6. Security provisions;
  - 5.2.7. Professional fees, such as accountants and attorneys;
  - 5.2.8. Other expenses;
  - 5.2.9. Operating capital;
  - 5.2.10. Reserve accounts for improvements, capital expenditures and deferred maintenance.
- 5.3. **Accounting Records and Reports.** The Association shall maintain accounting records, according to good accounting practices.
- 5.3.1. The records shall be open to inspection online by Members or their authorized representatives. The records shall include, but are not limited to, the current year's:
    - 5.3.1.1. cash receipts and expenditures;
    - 5.3.1.2. assets and liabilities; and
    - 5.3.1.3. budget
  - 5.3.2. Within seventy-five (75) days after the end of each fiscal year, the Board of Administrators shall deliver (physically or online) to each Member a balance sheet as of December 31<sup>st</sup> of the previous fiscal year, and an income and expense statement for the previous fiscal year.
  - 5.3.3. The Association, upon written request, shall furnish to a Lot Owner or the Lot Owner's authorized agents a statement setting forth the amount of paid and/or unpaid assessments and other charges against a Lot. The statement shall be furnished within 10 business days after receipt of the request and is binding on the Association, the Board of Administrators, and every Lot owner. The Association, or its assignees, may charge a fee to supply this statement.

- 5.3.4. The Association may impose reasonable charges to produce hard copies of any Association documents for a Member.
- 5.4. **Depository.** The depository of the Association shall be those banks, or savings and loan associations, insured by the Federal Deposit Insurance Corporation (FDIC), as shall be designated by the Board of Administrators or the contracted association management company and in which the money for the Association shall be deposited. Withdrawal of money from those accounts shall be only by authorized withdrawal instruments, which are signed by those persons as are authorized by the Board of Administrators.
- 5.5. **Fidelity Bond.** The Association shall obtain and maintain adequate fidelity bonding of all persons who control or disburse funds of the Association. As used in this section, the term “persons who control or disburse funds of the Association” means those individuals authorized to sign checks, and the President, Secretary and Treasurer of the Association. If the Association’s annual gross receipts do not exceed \$100,000.00, the bond shall be in the principal sum of not less than \$10,000.00 for each such person. If the Association’s annual gross receipts exceed \$100,000.00, but do not exceed \$300,000.00, the bond shall be in the principal sum of \$30,000.00 for each person. If the Association’s annual gross receipts exceed \$300,000.00, the bond shall be in the principal sum of not less than \$50,000.00 for each person. The Association shall bear the cost of bonding.
- 5.6. **Annual Election of Income Reporting Method.** The Board of Administrators shall make a determination annually, based on competent advice, whether it shall cause the Association’s income to be reported to the Internal Revenue Service by the “regular” method (Federal Tax Form 1120) or the “homeowner’s association” method (Federal Tax Form 1120H), according to which method of reporting shall best serve the interests of the Association for the reporting period under consideration.

## **ARTICLE 6. ASSESSMENTS AND COLLECTION**

- 6.1. **General Assessments.** Assessments shall be made against the Members at intervals at the discretion of the Board of Administrators. Changes to the interval shall be made only with at least sixty (60) days advance notice. The assessments shall be made in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred, and an appropriate allocation for financial reserves.  
The assessment funds shall be collected against Members in the proportion of one portion per Lot owned, with the total portions being the total number of Lots subject to these Bylaws, the Declaration and the Articles.
- 6.2. **Liability for Assessments.** A Member, regardless of how title has been acquired, including a purchaser at a judicial sale, is liable for all assessments which come due while that Member is the Lot Owner. The grantee is jointly and severally liable with the grantor for all unpaid assessments against the grantor for the grantor’s share of the common expenses up to the time of transfer of title, without prejudice to any right the grantee may have to recover from the grantor the amounts paid by the grantee. The liability for assessment may not be avoided by waiver of the use or enjoyment of any Common Areas or by abandonment of the Lot for which the assessments are made.
- 6.3. **Subdivision and Combination of Lots.** If an originally platted Lot is subsequently subdivided into two or more portions, whether or evidenced by a recorded revised plat; it will be treated, for assessments, voting and all other provisions of these Bylaws, Articles and Declaration, as still being a single Lot. The Owners of the subdivided portions will be treated as a partnership as defined in Section 2.8.3 above. Assessments will be invoiced as if the Lot were still a single

Lot. The Board of Administrators will determine the method of invoicing the assessment (i.e. partial to each, or as a whole to a managing person).

If two or more originally platted lots are combined into a single lot, whether or evidenced by a recorded revised plat to an adjoining lot or not; it will be treated, for assessments, voting and all other provisions of these Bylaws, Articles and Declaration, as still being separate lots as shown on the original plat map.

- 6.4. **Assessments, Amended Budget.** If the annual assessment proves to be insufficient, the Board of Administrators may amend the budget and assessments at any time. Unpaid assessments for the remaining portion of the year for which an amended assessment is made shall be payable in as many equal installments as there are installment payment dates remaining in the budget year as of the date of the amended assessment. The budget shall not be amended for emergency or special nonrecurring expenses.
- 6.5. **Collection, Late Fees, Interest, Application of Payment.** Assessments and installments on them, if not paid when due shall bear interest from the due date until paid at the rate established by the Board of Administrators, which rate shall not exceed the lesser of eighteen percent (18%) per annum from the due date until paid or the maximum rate allowed by law. A late fee policy may be adopted at the discretion of the Board of Administrators. All assessment payments shall be applied first to late fees, then to interest and then to the assessment payment due.
- 6.6. **Lien for Assessments.** The Association has a lien on each Lot for any unpaid assessments with interest, administrative and collection costs, and for reasonable attorneys' fees and court costs incurred by the Association that are incident to the collection of the assessment or enforcement of the lien. The lien is effective from and after the recording of a Claim of Lien in the Public Records of Ashe or Watauga County, North Carolina which states the description of the Lot, the name of the record Owner, the subject property address, the current address of the Owner, the amount due and the due dates. The Claim of Lien shall secure all unpaid assessments, interest, costs, and attorneys' fees which are due, and which may accrue subsequent to the recording of the Claim of Lien. A Claim of Lien must be signed and acknowledged by an officer or agent of the Association. Upon payment in full, the person making the payment is entitled to a Satisfaction of Lien.
- 6.7. **Collection: Suit, Notice.** The Association may bring an action to foreclose any lien for assessment in the manner that a mortgage of real property is foreclosed. It also may bring an action to recover a money judgment for the unpaid assessment without waiving its right to file and enforce a Claim of Lien.
- 6.8. **Effect of Non-Payment of Assessments; Remedies of the Association.** Any assessments or installments of assessments which are not paid when due shall be delinquent. Any assessment or installment delinquent for a period of more than fifteen (15) days may incur a late charge in an amount as the Board may from time to time determine and bear interest at the rate established by the Board. The Association shall cause a notice of delinquency or account statement to be given to any Lot Owner who has not paid within thirty (30) days following the due date. If the assessment is not paid within thirty (30) days, a lien may be filed as provided under state law. The lien shall include late charges, interest, all costs of collection and administrative fees, reasonable attorney's fees and court costs actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Lot Owner, by acceptance of a deed to a Lot, vests in the Association or its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the lien.

No Lot Owner may waive or otherwise exempt himself or herself from liability for assessments, by non-use of any common areas or amenities, abandoning his Lot, or in any other manner. The obligation to pay assessments is a separate and independent covenant on the part of each Lot Owner and no reduction of any assessment shall be claimed or allowed by reason of: (a) any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the Bylaws; (b) for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association; or (c) from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

All payments shall be applied first to costs and attorney's fees, then to late charges, then to interest, and to delinquent assessments. The Association, acting on behalf of the Members, shall have the power to bid at its foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot so acquired. During the period in which a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it. Suit by the Association to recover a money judgment for unpaid assessments and all other charges shall be maintainable without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any assessments thereafter becoming due. However, the sale or transfer of any Parcel pursuant to judicial or non-judicial foreclosure of a first Mortgage shall extinguish the lien as to any installments of such assessments which became due prior to such sale or transfer. Where the Mortgagee holding a first mortgage of record or other purchaser of a Lot obtain title pursuant to judicial or non-judicial foreclosure of the mortgage, it shall not be personally liable for the share of the assessments by the Association chargeable to such Lot which became due prior to such acquisition of title. Such unpaid share of assessments shall be deemed to be common expenses collectible from all Members.

#### **ARTICLE 7. ASSOCIATION CONTRACTS, GENERALLY**

- 7.1. **Fairness and Reasonableness.** All contracts for the operation, maintenance or management of the Association or property serving the Members made by the Association must not be in conflict with the powers and duties of the Association or the rights of the Members.
- 7.2. **Requirements for Maintenance and Management Control.** Written contracts for the operation, maintenance and management entered into by the Association must contain certain elements in order to be valid and enforceable. These include, but are not limited to:
  - 7.2.1. Specification of the services, obligations and responsibilities of the service provider;
  - 7.2.2. Specification of costs for services performed;
  - 7.2.3. An indication of frequency of performance of services;

#### **ARTICLE 8. ROSTER OF LOT OWNERS (MEMBERS) AND MORTGAGEES**

Only Members who are Owners of record on the date notice of any meeting requiring their vote is given shall be entitled to vote at a meeting unless prior to the meeting the Member produces adequate evidence as provided above, of their interest and shall waive in writing, notice of the meeting.

**ARTICLE 9. COMPLIANCE AND DEFAULT**

- 9.1. **No Waiver of Rights.** Neither a Member nor the Association may waive any provision of the Act, the Declaration, Bylaws, or Rules and Regulations if that waiver would adversely affect the rights of a Member or the purposes of the provision, except that Members or Administrators may waive notice of specific meetings in writing.

**ARTICLE 10. DISPUTES; GOVERNING LAW; VENUE**

Any dispute, controversy or claim arising or relating to matters addressed at Sections 6 and 10 of the Declaration shall be resolved as provided in those Sections.

Any other dispute, controversy, or claim, whether arising from or relating to these Bylaws or otherwise concerning the Association or the rights, liabilities, or obligations of any Member, shall be submitted to and finally resolved by binding arbitration. The arbitration shall be conducted in accordance with the Uniform Arbitration Act of North Carolina then in effect by one arbiter mutually agreed by the parties. The arbiter shall be a (i) member of the Bar of the State of North Carolina, actively engaged in the practice of law for the previous ten (10) years, or (ii) retired judge from the North Carolina Superior Court, Court of Appeals, or Supreme Court. The arbiter shall have power to grant equitable remedies in addition to imposing monetary damages. The prevailing party in such arbitration shall recover its costs of the arbitration and reasonable attorneys' fees from the other party. Jurisdiction and venue for any such proceeding shall lie exclusively in Watauga or Ashe County, North Carolina.

**ARTICLE 11. LIABILITY SURVIVES MEMBERSHIP TERMINATION**

Termination of Membership in the Association shall not relieve or release a former Member from any liability or obligation incurred with respect to the Member during the period of Membership, nor impair any rights or remedies that the Association may have against the former Member arising out of his/her Membership and his/her covenants and obligations incident to that Membership.

**ARTICLE 12. PARLIAMENTARY RULES**

- 12.1. ROBERTS' RULES OF ORDER (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Act, the Declaration, the Articles or these Bylaws.

**ARTICLE 13. RULES AND REGULATIONS**

- 13.1. **Board May Adopt.** The Board of Administrators may adopt and amend, from time to time, reasonable Rules and Regulations governing the details of the use and operation of the Common Areas.
- 13.2. **Broadcasting and Furnishing Copies.** A copy of the Rules and Regulations adopted from time to time by the Board of Administrators, and any amendments to existing Rules and Regulations, shall be broadcast online to Members. No rule, regulation or amendment shall become effective until thirty (30) days after broadcasting, except in the case of an emergency, in which case, the rule, regulation or amendment shall become effective immediately on broadcasting. An electronic copy must be maintained within the Association's documents library. The Association may impose reasonable charges to produce hard copies for a Member.

**ARTICLE 14. RESTRICTIONS ON AND REQUIREMENTS FOR USE, MAINTENANCE AND APPEARANCE OF THE**

## LOTS

- 14.1. **Where Contained.** Restrictions on the use, maintenance and appearance of the individual Lots shall be as stated in the Declaration and no amendments or additions shall be contained elsewhere than in the Declaration as adopted by a vote of the Members in the manner prescribed in the Declaration.

## **ARTICLE 15. BYLAWS DEEMED AMENDED**

These Bylaws shall be deemed amended in those particulars as may be required to make them consistent with the provisions of the Act, as it may be amended from time to time.

## **ARTICLE 16. PRIORITIES IN CASE OF CONFLICT**

- 16.1 In the event of conflict between or among the provisions of any of the following, the order of priorities shall be, from highest priority to lowest:
1. The Act
  2. The Declaration
  3. The Articles
  4. The Bylaws
  5. The Rules and Regulations

## **ARTICLE 17. INDEMNIFICATION**

Every officer and Administrator of the Association shall be indemnified by the Association against all expenses and liabilities, including reasonable attorney's fees incurred and imposed in connection with any proceedings to which they may be a party, in which they may become involved by reason of their being or having been an officer or Administrator of the Association, to the greatest extent permitted under Chapter 55A of the North Carolina General Statutes (governing Nonprofit Corporations).

## **ARTICLE 18. AMENDMENTS**

Amendments to these Bylaws shall be proposed and adopted in the following manner:

- 18.1 **Notice.** Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy or summary of the amendment.
- 18.2 **Adoption.** An amendment may be proposed by a majority of the Board of Administrators, or by not less than thirty-three percent (33%) of the Members of the Association.
- The amendment shall be adopted by the Members entitled to vote thereon by two-thirds of the votes cast or a majority of the votes entitled to be cast on the amendment, whichever is less.
- 18.3 **Higher percentage of vote may be required.** The members entitled to vote thereon may condition the amendment's adoption on its receipt of a higher percentage of affirmative votes or on any other basis. If the Board initiates an

amendment to the bylaws, the Board may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or on any other basis.

- 18.4 **Written ballot.** If the Board or the Members seek to have the amendment approved by the Members entitled to vote thereon by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the amendment.
- 18.5 **Limitation.** No amendment shall be made that is in conflict with the Act or the Declaration.
- 18.6 **Recording.** A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and Bylaws. The certificate shall be executed by the Secretary of the Association.
- 18.7 **Format.** Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended. A method to clearly mark any insertions or deletions shall be used.

#### **ARTICLE 19. CONSTRUCTION**

Whenever the context permits or requires, the singular shall include the plural, the plural shall include the singular and the use of any gender shall be deemed to include all genders. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provisions herein.

**CERTIFICATE**

The foregoing was adopted, as amended, as the Bylaws of Carefree Cove Community Association, Inc., on this 10th day of August, 2019.

**CAREFREE COVE COMMUNITY ASSOCIATION, INC.**

By: Suzanne Paszkowski  
Suzanne Paszkowski, President

ATTEST:

By: Jeanne Tayloe  
Jeanne Tayloe, Secretary

By: Kaaryn Brackett  
Kaaryn Brackett, Treasurer

State of NC - County or City of Watauga

I, the undersigned Notary Public of the County or City and State aforesaid, certify that Suzanne Paszkowski, president personally came before me this day and acknowledged that (s)he is the President of the Carefree Cove Community Association, a North Carolina non-profit corporation, and that by authority duly given and as the act of such entity, (s)he signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and Notarial stamp or seal, this 10th day of August, 2019



Stuart Richard McClure  
Notary Public  
Notary's Printed or Typed Name  
Commission Expires: 08/08/2023