

BY-LAWS  
OF  
SARDIS COVE HOMES ASSOCIATION

ARTICLE I  
NAME AND LOCATION

The name of the corporation is Sardis Cove Homes Association, hereinafter referred to as the "Townhouse Association". The principal office of the corporation shall be located at 145 Scaleybark Road, Charlotte, North Carolina, but meetings of members and directors may be held at such places within Mecklenburg County, North Carolina, as may be designated by the Board of Directors.

ARTICLE II  
DEFINITIONS

Section 1. "Townhouse Association" shall mean and refer to Sardis Cove Homes Association, a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 of the Declaration of Covenants, Conditions and Restrictions of Sardis Cove Townhouses filed for record contemporaneously herewith, and any additions thereto as are or shall become subject to said Declaration and brought within the jurisdiction of the Association under the provisions of Article II of said Declaration.

Section 4. "Townhouse Common Area" shall mean all the real property owned by the Association for the common use and enjoyment of the Owners. The Townhouse Common Area to be owned by the Townhouse Association at the time of the conveyance of the first Lot is described as follows:

All of that land designated "Townhouse Common Area" on the plat entitled "Sardis Cove, Section 1", which appears of record on map recorded in Map Book 19 at Page 485 in the Mecklenburg Public Registry.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the Townhouse Common Area.

Section 6. "Declarant" shall mean and refer to John Crosland Company and shall also mean and refer to any person, firm or corporation which shall hereafter become vested, at any given time, with title to two or more undeveloped Lots for the purpose of causing residence building(s) to be constructed thereon, and any such successor in title to John Crosland Company shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and unconveyed), but no longer.

Section 7. "Member" shall mean and refer to every person or entity that holds membership in the Townhouse Association.

ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Townhouse Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owner(s) of said Lot one (1) vote. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any one Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by declarant which have not been converted to Class A Lots as provided in (1) or (2) below. The Declarant shall be entitled to four (4) votes for each Class B Lot owned by it. The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equal the total number of votes appurtenant to the Class B Lots, or

(2) On March, 1985, whichever is later.

Section 3. In the event that the Owner of any residence ceases to occupy that residence as his own personal living quarters or in the event that any property within the development is leased for rental purposes to tenants, then, in such event, the vote as expressed by rental tenants, if voted in a bloc, shall not be entitled to any weight greater than forty-nine (49%) percent on any matter pending before the Townhouse Association.

ARTICLE IV  
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Townhouse Common Area which shall be appurtenant to and pass with the title to every Lot, subject to the following provisions:

(a) The right of the Townhouse Association to suspend the voting rights and enjoyment of rights of an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations;

(b) The right of the Townhouse Association to dedicate or transfer all or any part of the Townhouse Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written instrument, provided that this subsection shall not preclude the Board of Directors of the Townhouse Association from granting easements to public authorities or others for the installation and maintenance of sewerage, utilities and drainage facilities upon, over, under and across the Common Area without the assent of the membership when, in the sole opinion of such Board, such easements do not

interfere with the use and enjoyment of the Properties or are necessary for the convenient use and enjoyment of the Properties;

(c) The rights of Owners to the exclusive use of parking spaces as provided in Section 3 of this Article IV;

(d) The right of the Association, with the written assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B), to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) The right of the Townhouse Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Townhouse Common Area and to limit the use of said facilities to Owners who occupy a residence on the Properties as their principal resident in Mecklenburg County, North Carolina, and to their families, tenants, contract purchasers and guests as provided in Section 2 of this Article IV.

(f) No unit owners or tenant shall build or allow to be built any fire(s) near or on the premises or in any common area of the townhouse, other than fires in a contained outdoor grill. The owner shall be responsible for any resulting damage should any such fire(s) be allowed by unit owner, tenant of owner, or guest of owner or tenant or any agent of the owner. [The preceding paragraph was authorized by the 2005 annual meeting.]

## Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be exercised by members of the Owners' family who occupy the residence of the Owner within the Properties as their principal residence in Mecklenburg County, North Carolina.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Mecklenburg County, North Carolina.

(c) Guests. Recreational facilities situated upon the Properties may be utilized by guests of Owners, tenants or contract purchasers subject to the rules and regulations of the Townhouse Association, as may be established by its Board of Directors, governing said use.

## Section 3. Parking Rights.

(a) Assigned Parking Spaces. Ownership of each Lot shall entitle the Owner(s) thereof to the use of two automobile parking spaces, which shall be assigned initially to said Owner by the Declarant, together with the right of ingress and egress in and upon said parking area. The Board of Directors of Townhouse Association shall have the authority acting in its sole discretion to reassign said parking spaces from time to time as it may determine are in the best interest of the Members.

(b) Visitor Parking. Parking spaces designated for the exclusive use of visitors to the Properties shall not be used by any Owner for the parking of his vehicles, but may be used by persons visiting Owners for period not to exceed one week in time.

(c) Recreational Vehicles. No campers, trucks, vans, or recreational vehicles may be parked or kept within the Properties, except at locations specifically designated for such parking by the Townhouse Association. The Townhouse Association may make reasonable charges for parking of such vehicles in designated areas and may in its sole discretion refuse to allow any such parking within the

confines of the Properties. No trailers, boats or tractors may be parked or kept within the Properties, except for maintenance equipment owned by the Townhouse Association.

(d) Rules and Regulations Regarding Parking. The Board of Directors of the Townhouse Association may make such reasonable rules and regulations as it may elect with respect to the parking of vehicles as aforesaid and may amend and vary the requirements of (b) and (c) above without the consent of the Members of the Townhouse Association.

Section 4. Rental of Units. Any lease of a unit or portion there shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Townhome Documents. All units must be leased for a period of twelve (12) months. A unit owner shall not rent or lease their premises more than once during any rolling twelve (12) month period. A unit owner must provide a copy of the signed lease to the Board, and the unit owner must sign a statement saying that the unit owner has done a credit and criminal check and does approve of the tenant(s); the unit owner can not submit the credit and criminal report to the Board. The signed statement must identify the tenant. The Sardis Cove Homeowners Association Board of Directors shall have the right to waive this requirement. [The preceding paragraph was authorized by the 2005 annual meeting.]

Section 5. Number of Individuals per Unit. There shall be no more than two (2) individuals living in any 1-bedroom unit and no more than four (4) individuals living in any 2-bedroom unit. The Sardis Cove Homeowners Association Board of Directors shall have the right to waive this requirement. [The preceding paragraph was authorized by the 2005 annual meeting.]

## ARTICLES V

### MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Townhouse Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 p. m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President, Secretary or majority of the members of the Board of Directors, or upon written request of the members entitled to one-fourth (1/4) of the votes appurtenant to Class A Lots.

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

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 mailing a copy of such notice, postage prepaid, or by hand delivery, not less than 15 days nor more than 50 days before the date of the meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Townhouse Association, or supplied by such member to the Townhouse Association for the purpose of notice. Such notice shall specify the place, day and house of the meeting, and, in the case of a special meeting, the exact purposes of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Supplementary Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Townhouse Association to be kept in the Townhouse Association minute book.

## ARTICLE VI

### BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Townhouse Association shall be managed by a Board of Directors.

Section 2. Number, Term and Qualification. The number of directors of the Townhouse Association shall be five until the first annual meeting of the Townhouse Association at which time the number of Directors shall be increased to nine. At the first annual meeting the members shall elect three directors to serve for a term of one year, three directors to serve for a term of two years and three directors to serve for a term of three years. At each annual meeting thereafter the members shall elect three directors to serve for a term of three years. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Directors need not be members of the Townhouse Association.

Section 3. Nomination. Nomination for election to the Board of Directors 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 Townhouse 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 a annual meeting until the close of the next annual meeting and such appointment shall be announced at each 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. Such nominations may be made from amount members or non-members.

Section 4. Election. Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the members, by secret written ballot. At such lection the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Townhouse Association.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by the selection by the remaining directors of a successor who shall serve for the unexpired term of his predecessor. The member may elect a director at any time to fill any vacancy not filled by the directors.

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

## ARTICLE VII MEETINGS OF DIRECTORS

Section 1.        Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, 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 which is not a legal holiday.

Section 2.        Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Townhouse Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3.        Quorum.. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 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 the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.        Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Townhouse Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

## ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a)        adopt and publish rules and regulations governing the use of the Townhouse Common Area and facilities, and the personal conduct of the members and their guests thereon, and to 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 assessment levied by the Townhouse Association pursuant to the provisions of the Supplementary Declaration. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c)        exercise for the Townhouse Association all powers, duties and authority vested in or delegated to this Townhouse Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Supplementary Declaration;
- (d)        declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (f) employ attorneys to represent Townhouse Association when deemed necessary;
- (g) grant easements for the installation and maintenance of sewerage, utilities or drainage facilities upon, over, under and across the Townhouse Common Area without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Properties;
- (h) appoint and remove at pleasure all officers, agents and employees of the Townhouse Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to 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-fourth (1/4) of the votes appurtenant to Class A Lots.
- (b) supervise all officers, agents and employees of this Townhouse Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Supplementary Declaration, to:
  - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year.
  - (2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days and before January 1 of each year
  - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificates shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability insurance covering the Townhouse Association and adequate hazard insurance on the real and personal property owned by the Townhouse Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Townhouse Common Area and all facilities erected thereon to be maintained;
- (h) cause the exterior of the dwellings to be maintained.

ARTICLE IX  
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Townhouse 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.

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

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

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Townhouse 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.

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 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 replaces.

Section 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 Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes and in the absence of the Treasurer shall sign all checks.

Vice-President

(b) 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 of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meeting and proceedings of the Board and of the members; keep the corporate seal of the Townhouse Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Townhouse Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Townhouse Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Townhouse Association; keep proper books of account; cause an annual audit of the Townhouse 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 expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

#### ARTICLE X COMMITTEE

The Townhouse Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

#### ARTICLE XI BOOKS AND RECORDS

The books, records and papers of the Townhouse Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Supplementary Declaration, the Articles of Incorporation and the By-Laws of the Townhouse Association shall be available for inspection by any member at the principal office of the Townhouse Association, where copies may be purchased at reasonable costs.

#### ARTICLE XII ASSESSMENTS

As more fully provided in Article V of the Declaration, each member is obligated to pay to the Townhouse Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of Eight (8%) percent per annum, plus such late charge as may be established by the Board of Directors, and the Townhouse Association may bring an action or law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Townhouse Common Area or abandonment of his lot.

#### ARTICLE XIII CORPORATE SEAL

The Townhouse Association shall have a seal in circular form having within its circumference the words: Sardis Cove Homes Association, Charlotte, North Carolina, 1981.

#### ARTICLE XIV AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present at a meeting duly called for such purpose in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE IV  
MISCELLANEOUS

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

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Sardis Cove Homes Association, a North Carolina corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Townhouse Association, as duly adopted at a meeting of the Board of Directors, thereof, held on the \_\_\_\_ day of \_\_\_\_\_, 1981.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Townhouse Association this \_\_\_\_ day of \_\_\_\_\_, 1981.

\_\_\_\_\_  
Secretary