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BY-LAWS
OF
SEDGEMOOR PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
OFFICE

Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina shall be **Stanton, Doster, Post, Silverman and Foushee, Attorneys at Law, 205 Courtland Drive, Sanford, North Carolina.**

ARTICLE II
MEMBERSHIP

Who are members. Members include all current owners of lots, with or without dwellings, in the Sedgemoor Carolina Trace Subdivision of Lee County, North Carolina.

ARTICLE III
MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of Members shall be held at the Carolina Trace Country Club, or at such other place within Lee County in the State of North Carolina as shall be designated in the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of Members shall be held on a date determined by the Board of Directors within the month of November of each year for the purpose of electing Directors, members of the Architectural Committee, and for the transaction of such other business as may be properly brought before the meeting.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held within the time frame designated in Section 2 (above), a substitute annual meeting may be called in accordance with provisions of Section 4 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the Members may be called by the President, Secretary, or a majority of the Board of Directors of the Association, or by any Member pursuant to the written request of not less than one-tenth of all Members entitled to vote at the meeting.

Section 5. Notice of Meetings. Written or printed notice stating the time and place of the meeting shall be delivered not less than twenty nor more than sixty days before the date of any meeting, either personally or by mail, by or at the direction of the President, the Secretary or other person calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his or her address as it appears on the record of Members of the Association, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of the annual meeting, the notice of meeting need not specifically state the business to be transacted thereat.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Lists. At least ten days before each meeting of the Members, the Treasurer of the Association shall prepare a numerical list of Members, whose assessments are paid to date and are therefore entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the Treasurer of the Association for a period of ten days prior to such a meeting and shall be subject to inspection by any Member. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

Section 7. Quorum. The number of Members present at any regularly called meeting of the Members either in person or by proxy, even if less than a majority, shall constitute a quorum for the purposes of such meeting.

Section 8. Proxies. Members may vote either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. A lot owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates 11 months after its date, unless it specifies a shorter term.

Section 9. Voting Member. Members shall have one vote for each lot owned.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Powers. The Board of Directors shall be responsible for the business, affairs and committees of the Association.

Section 2. Numbers, Term and Qualifications.

(a) Number – The number of Directors constituting the Board of Directors shall be seven.

(b) Term of Office – Directors shall be elected to the Board for a term of three years. Each year, Directors shall be elected at the annual meeting of the Association to replace Directors whose terms have expired. Retiring Directors shall not be eligible to serve successive terms. A one year absence from the Board shall be required between terms. Term of office shall commence upon election. EXCEPTION: A Director elected by the Board to fill an unexpired term of twelve months or less may seek election by the Property Owners for a three year term. The spouse of a retiring Director shall not be eligible to succeed a retiring Director.

(c) Qualifications – Any permanent Sedgemoor resident property owner in good standing, or resident spouse of a property owner, shall be eligible to serve as a Director of the Association. If a lot is owned by a trust and if the trustee of said lot is a permanent resident of Sedgemoor, that person shall be allowed to serve as a Director. Only one member of a household shall serve as a Director at any given time.

Section 3. Election of Directors. Prior to the annual meeting of the Association the President shall appoint a nominating committee which will prepare a slate of nominees to fill openings on the Board of Directors for the coming year. Space will be provided on the ballot for write-in nominees. The ballots will be mailed

to all eligible voters twenty days prior to the election. Those persons receiving the highest number of votes shall be deemed to have been elected.

Section 4. Removal. Any Director may be removed at any time with cause by a vote of the majority of Members of the Board of Directors.

Section 5. Vacancies. Any vacancies occurring in the Board of Directors may be filled by the affirmative vote of the majority of the remaining Directors even though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Section 6. Chairman of the Board. The President of the Association shall serve as the Chairman of the Board of Directors and shall preside at all meetings of the Board.

Section 7. Compensation. The Board of Directors shall not compensate Directors for their services but will provide for the reimbursement of any or all reasonable expenses incurred by Directors.

ARTICLE V

MEETING OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held within one week after the annual meeting of Members. In addition, the Board of directors may provide, by resolution, the time and place for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors.

Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least five days before the meeting, give notice thereof by any usual means of communication. Such notice must specify the purpose for which the meeting is called.

Section 4. Waiver of Notice. Any Director may waive notice of any meeting. The attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Quorum. A majority of the number of Directors fixed by these by-laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting. Except as provided otherwise in these by-laws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Presumption of Assent. A Director of the Association who is present at the meeting of the Board of Directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

Section 8. Informal Action by Directors. Action taken by a unanimous Board of 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 is taken.

ARTICLE VI

OFFICERS

Section 1. Officers of the Association. The officers of the Association shall consist of a president, a secretary, a treasurer, a vice-president, and other such officers as the Board of Directors may from time to time elect. No two or more offices may be held by the same person. A Director, however, may also serve as an officer.

Section 2. Election and Term. The officers of the Association shall be elected by the Board of Directors and each officer shall hold office for one year.

Section 3. Compensation of Officers. The Board of Directors shall not compensate officers for their services but will provide for the reimbursement of any or all reasonable expenses incurred by officers.

Section 4. Removal. Any officer or agent selected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby.

Section 5. President. The President shall be the principal executive officer of the Association and subject to the control of the Board of Directors, and shall in general supervise and control all of the business, affairs and committees of the Association. He or she shall, when present, preside at all meetings of the Association. He or she shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where signing and execution thereof shall be expressly delegated by the Board of Directors or by these by-laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President, in the absence of the President, may sign, with the Secretary or an Assistant Secretary, corporate documents; and shall perform such other duties as from time to time may be assigned to him by the President of the Board of Directors.

Section 7. Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose;

(b) distribute a copy of the minutes of each meeting to the permanent residents of Sedgemoor; (c) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (d) be custodian of all the records and of the seal of the Association and see that the seal of the Association is affixed to all the documents the execution of which on behalf of the Association under its seal is duly authorized; (e) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (f) sign with the President or the Vice-President corporate documents; (g) in general perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 8. Treasurer. The treasurer shall: (a) have charge and custody of and be responsible for all the funds and securities of the Association, receive and give receipts for moneys due and payable to the Association from sources whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article XIII of these by-laws; (b) be responsible for the preparation and filing with the proper authorities of all taxes due to the

federal and state governments by the Association; (c) be responsible for ensuring proper indemnification of the Directors and Officers in performance of their duties, and maintaining adequate insurance on the properties of the Association; (d) working with the other members of the investment committee (Article XIII, Section 5) in the investment of Reserve Funds of the Association; (e) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities as of the close of each fiscal year, all in responsible detail, which statement shall be made and filed with the other permanent records of the Association, and prepare, or cause to be prepared quarterly reports on the Association's budget and financial condition; (f) keep a record of the Association's Members, giving the names and addresses of all Members eligible to vote, prior to each meeting of Members, as required by law; (g) in general perform all of the duties as from time to time may be assigned by the President or by the Board of Directors, or by these by-laws.

ARTICLE VII

INDEMNITY

Each member of the Board of Directors and each Officer, now or herein after in office, shall be indemnified by the Sedgemoor Property Owners Association against all costs, expenses and amounts of liability, including counsel fees reasonably incurred because of damages resulting from "wrongful acts" committed by Directors or Officers solely in conduct of their responsibilities in management of the affairs of the Association.

In addition, the President, Vice President, Treasurer, and Secretary shall be bonded in the amount of \$ 200,000 (greater as required) annually to insure against misappropriation of funds during the term of their office.

ARTICLE VIII

ROADS AND COMMON GROUNDS

The Board of Directors shall be responsible for the maintenance of all roads within Sedgemoor and all the common grounds within Sedgemoor. Any building addition or removal of trees, shrubs, or plants will be approved by the Directors only if said addition or removal, in the opinion of the Directors, is for the improvement of the area.

The Board of Directors of Sedgemoor and the Board of Directors of Trentwood-Woodmere shall share the responsibility for the maintenance of the common entrance to their respective subdivisions. Maintenance costs shall be prorated according to the number of lots in each subdivision.

ARTICLE IX

SWIMMING POOL, TENNIS COURTS, AND ADJOINING STRUCTURES

The Board of Directors shall be responsible for the swimming pool, tennis courts, and the adjoining structures.

The swimming pool, tennis courts, and the adjoining structures are for the exclusive use and enjoyment of the property owners of Sedgemoor, their guests, and others as may be approved by the Board of Directors or their delegated representatives.

The Board of Directors shall be authorized, as may be required, to enter into contractual maintenance agreements to insure that the swimming pool, tennis courts, and adjoining structures are maintained in a satisfactory condition.

ARTICLE X

ARCHITECTURAL COMMITTEE

Section 1. General Powers. The Architectural Committee is responsible for carrying out the Architectural Control provisions as set forth in the Sedgemoor Reservations and Restrictions on file in the Lee County Public Registry for the Subdivisions at Book 344, pages 541 through 545 inclusive. The Committee is responsible to the Board of Directors in performing its function.

Section 2. Number, Term and Qualifications.

(a) Number – The number of Committee Members constituting the Architectural Committee shall be three.

(b) Term of Office – Committee Members shall be elected at the annual meeting of the Association to serve a term of three years. Term of office commences upon election to the Committee.

(c) Qualifications – Permanent Sedgemoor resident property owners, or resident spouses of property owners, shall be eligible to serve as Members of the Committee. If a lot is owned by a trust and if trustee of said lot is a permanent resident of Sedgemoor, that person shall be allowed to serve as a Member of the Committee.

Section 3. Election of Committee Members. Prior to the annual meeting of the Association, the nominating committee appointed by the President will nominate a candidate or candidates to serve on the Committee for the next three year term. Space will be provided on the ballot for write-in nominees. The ballot will be mailed to all eligible voters twenty days prior to the election. That person receiving the highest number of votes shall be deemed to have been elected.

Section 4. Removal. A Committee Member may be removed at any time with cause by a majority vote of the Members of the Board of Directors.

Section 5. Vacancies. Any vacancy in the Committee may be filled by an appointment of the Board of Directors. The Committee Member appointed to fill the vacancy shall serve for the duration of the unexpired term of his or her predecessor.

Section 6. Chairperson of the Committee. The Committee Members shall elect their own Chairperson who shall preside at all meetings of the Committee, except as provided in Section 8 of this Article X. The Chairperson, or proxy, shall attend all regular meetings of the Board of Directors and present a monthly report to the Board.

Section 7. Meetings. Meetings of the Architectural Committee shall be at the call of any Member of the Committee and/or the President of the Board of Directors.

Section 8. Quorum. The Chairperson and one other Committee Member shall constitute a quorum. The Chairperson may authorize the two Committee Members to conduct and act on Committee business in the Chairperson's absence. The authorization shall be by proxy.

Section 9. Compensation. The Architectural Committee shall not be compensated for their services as such but will be reimbursed for any and all reasonable expenses incurred by the Committee Members.

ARTICLE XI

SEDGEMOOR CONFLICT RESOLUTION PROCESS

On August 22, 2006, at least 67% of the owners of lots in the Sedgemoor Property Owners Association voted in favor of adopting the North Carolina Planned Community Act in its entirety and coming under the auspices of that Act from the above date forward. Section 47F-3-107.1 of the North Carolina Planned Community Act provides for a conflict resolution process and the following was adopted by the Sedgemoor Board of Directors on March 14, 2007.

The purpose of the Conflict Resolution Process will be to recommend resolution to disputes between Sedgemoor residents/owners and the Sedgemoor Board of Directors or the Architectural Committee arising over the interpretation / implementation of Sedgemoor Bylaws, Rules and Regulations, and / or Architectural Rules.

The Resolution Committee shall consist of at least 3 but no more than 5 current Sedgemoor residents. The members shall be appointed by the President and approved by the Board of Directors. Committee decisions will be based on simple majority rule.

Procedures of the committee:

- 1. The Board of Directors or the Architectural committee through the President shall notify Committee members in writing of a possible violation of Rules and Regulations, Bylaws, or Architectural Rules. Such notification will include the name and address of the resident/owner, the appropriate rule that has been violated, a description of the violation that has occurred, and any steps that the Board or Architectural Committee have taken to resolve the issue.**
- 2. Within one week of receipt of the President's notification, the Committee shall notify the resident/owner that it has received the complaint. This notice shall identify the issue and related articles from the appropriate Rules, Regulations, Bylaws, or Architectural Rules.**
- 3. The Committee shall schedule a hearing within three weeks of the President's notification to attempt to resolve the dispute. All attempts shall be made to schedule the hearing at the convenience of all parties involved.**
- 4. At the hearing the Board or Architectural committee shall be represented by the President (or designated member) or the Chair of the Architectural committee (or designated member). The resident/owner shall represent his/her interests. No individual who is not a resident or owner is permitted at the hearing except contracted builders acting in the interests of the resident/owner.**
- 5. The hearing shall consist of the Board or Architecture representative presenting their position of the dispute and the articles that have been violated. The resident/owner shall then present their position. Each side may submit a written summary after the hearing. Committee members may raise questions for either party.**
- 6. Within one week of the hearing the Committee shall meet, discuss, and render a written decision regarding the issue. This decision shall be delivered to the President and the resident/owner as soon as possible. The Board of Directors may affirm, vacate, or modify the prior decision of the Resolution Committee.**

ARTICLE XII

CAROLINA TRACE ASSOCIATION

The Carolina Trace Association (CTA) is an association of all the Property Owners Associations in Carolinas Trace.

Section 1. Representative (s). The Board of Directors shall appoint from its permanent owner residents a representative and an alternate representative to serve on the Board of the CTA. The representative shall serve for a two year period and shall distribute the minutes of CTA meetings, or a recap of these minutes, to each permanent resident of Sedgemoor.

Section 2. Assessments. The CTA, in accordance with its approved budget, annually assesses each Property Owners Association a dollar amount based on the number of improved lots and unimproved lots within each subdivision. Each Property Owners Association pays a portion of its annual assessments toward its CTA assessment.

ARTICLE XIII

CONTRACTS, LOANS, CHECKS, DEPOSITS, AND INVESTMENTS

Section 1. Contracts. The Board of Directors may authorize the President or Treasurer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association.

Section 2. Loans. No loan shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name without the prior approval of the majority of the voting property owners.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Association shall be signed by the President or Treasurer of the Association in such manner as shall from time to time be determined by resolution of the Board of Directors. All checks of \$1,000 or more require two signatures of either the President, Vice President, Treasurer, or Secretary who are the designated signatories on all Sedgemoor Accounts.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

Section 5. Investment of Funds. The President shall appoint a committee of three Members, one being the current Treasurer, to act on behalf of the Association in connection with the investment of reserve funds owned by the Association. The Treasurer and/or President, acting on the advice of the committee, shall have authority to invest the assets of the Association; to give instructions for the purchase, sale, exchange, or transfer of shares; and to execute any necessary forms in connection with said shares.

ARTICLE XIV

ASSESSMENTS

Section 1. Purpose. Assessments, annual or special, which are recommended by the Board of Directors and must be approved by the majority of the voting property members, shall be for the purpose of

promoting the recreation, health, safety, and welfare of the property owners as specified in the statement of Reservations and Restrictions, as amended, on file in the Lee County Public Registry Book 344.

Section 2. Basis for Assessments. Assessments shall be on the basis of improved lots (those with houses) and unimproved lots. A lot shall be designated as improved when the ground is broken for construction (as determined by the Architectural Committee) and the assessment on the house shall be prorated on the basis of the number of days remaining in the calendar year. Assessments on lots where a house may straddle lot property lines shall be assessed on the basis of one improved lot and one unimproved lot. All new construction started in the fourth quarter shall be deemed to be improved and assessed on that basis for the next calendar year budget.

Section 3. Delinquent Assessments. If assessments are not paid when due, then such assessments shall become delinquent and shall, together with such late charges and such interest thereof, become a continuing lien on the property in the hands of the owner, his heirs and assigns. The Property Owners Association may bring action at law against the owner obligated to pay the same to foreclose the lien against the property.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center is inscribed, SEAL; and such seal is hereby adopted as the corporate seal of the Association.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any Member or Director by law, or by these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Fiscal Year. The fiscal year of the Association shall be the calendar year of January 1 through December 31.

Section 4. Amendments. Except as otherwise provided herein, these by-laws may be amended or repealed and new by-laws may be adopted by the affirmative vote of a majority of the Members of the Association.

Revised November 2008

IN TESTIMONY THEREOF, Sedgemoor Property Owners Association, Inc. has caused this instrument to be executed in its corporate name, by its President, attested by its Secretary, with its corporate seal hereunto affixed, all by authority duly given of its Board of Directors.

By: Joseph Turak
Joseph Turak, President

Date: 12-17-08

Mary Ann Moyer
Mary Ann Moyer, Secretary

Date: 12-17-08

State of North Carolina
County of Lee

I, ACFRED RUSHATZ, a Notary Public of the County and State aforesaid, certify Joseph Turak personally came before me this day and acknowledge that he is the President of Sedgemoor Property Owners Association, Inc. a North Carolina nonprofit corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, and sealed with its corporate seal.

Witness my hand and official seal the 17 day of Dec 2008.

Acfred Rushatz, Notary Public
My commission expires 5/24/2009

