

**BYLAWS OF CAROLINA LAKES
PROPERTY OWNERS ASSOCIATION, INC.**

ARTICLE I - NAME AND LOCATION

1. The name of the Corporation is Carolina Lakes Property Owner's Association, Inc., hereinafter referred to as the "Association".
2. The Principal office of the Corporation shall be located at Carolina Lakes Clubhouse, 91 Clubhouse Drive, Sanford, North Carolina 27332.

ARTICLE II - PURPOSES

The purposes for which the corporation is formed are those set forth in its Articles of Incorporation, as from time to time amended, namely:

(a) To preserve the value of common areas of the subdivision, known as Carolina Lakes in Harnett County, North Carolina; to promote the recreation, health, safety and welfare of the property owners of Carolina Lakes and engage in such other activities as may be for the mutual benefit of such property owners, including without limitation the improvement, maintenance, administration and upkeep of the various areas reserved for use of the property owners, as well as all private roads, lake basins and dam areas, as contemplated by the Reservations, Restrictions and Covenants (the "Declarations") duly filed by the Developer, Carolina Lakes Corporation, in the office of the Register of Deeds of Harnett County, North Carolina; and in furtherance thereof to;

(b) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in said Declarations, same being incorporated by reference as if fully set forth herein;

(c) fix, levy, collect and enforce payments by any lawful means, all charges or assessments pursuant to the terms of the Declarations; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(d) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association; and

(e) engage in any other lawful act or activity for which corporations may be organized under the Non-Profit Corporation Act of North Carolina and the relevant portions of the North Carolina Planned Community Act.

ARTICLE III - DEFINITIONS

1. "Association" shall mean and refer to Carolina Lakes Property Owners' Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

2. "Developer" shall mean and refer to Carolina Lakes Corporation, its successors and assigns.

3. "Properties" shall mean and refer to all that certain real property described in the Declarations of Covenants, Conditions and Restrictions filed by the Developer in the Office of the Register of Deeds of Harnett County, North Carolina, (known as Carolina Lakes Subdivision), as of December 31, 1988, and such additions thereto as may hereafter be accepted and approved by the Association and brought within the jurisdiction of the Association.
4. "Declaration" shall mean and refer to the Declarations of Reservations, Restrictions, and Covenants applicable to the properties.
5. "Common Area" shall mean and refer to that portion of the Properties reserved for the common use and enjoyment of the Owners.
6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties which is designated for residential use.
7. "Owner" shall mean and refer to the Harnett County 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 interest merely as security for the performance of an obligation.
8. "Member" shall mean and refer to those persons and entities entitled to membership in the Association as provided in the Declaration as "Lot owner of the Carolina Lakes Subdivision".
9. "Assessments" shall mean the annual assessment for yearly dues and/or any additional or special assessments to accommodate special financial needs of the Association.
10. "Fiduciary Relationship" shall be determined by applicable law but shall generally refer to those persons who hold something in trust for another.

11. "Close Relative" shall mean a person who, by blood or in-law, including half, foster, step and adoptive kin is either a spouse, child, grandchild, great grandchild, parent, grandparent, great parent, brother, sister, aunt, uncle, nephew, or niece of the principal.

12. "Manager" shall mean the onsite manager from the property management company currently contracted with by the Association.

13. "Management Company" shall mean the current company contracted with by the Association to perform the property management functions for the Association.

14. "Secretary" shall mean the officer of this Association whose duties are enumerated in Article X. Section 9.c.

15. Lakeside Manor refers to the properties sometimes referred to as Phase VIII that fall within the Association known as the Carolina Lakes Property Owners at Lakeside Manor, Inc.

ARTICLE IV - MEMBERSHIP AND VOTING RIGHTS

1. Eligibility. Every Owner of a lot which is subject to assessment by the Association shall be a Member of the Association and entitled to one vote for each lot owned. Membership shall be appurtenant to and may not be separated from ownership, as hereinbefore defined under the term "Owner," of any lot which is subject to assessment. The Board of Directors shall make reasonable rules relating to the proof of ownership of a lot in the Carolina Lakes Subdivision.

2. Joint Ownership. When ownership of any lot is vested in more than one person, such persons shall hold one joint Membership in the Association.

Without limiting the generality of the foregoing:

(a) The presence at a meeting of one or more of the joint Members shall constitute the presence of one Member and a joint waiver of the notice of the meeting;

(b) The vote of one or more joint Members shall constitute, respectively, one joint vote;

(c) Notice to, or waiver of notice signed by, one or more joint Members shall constitute, respectively, a joint notice or waiver of notice;

(d) Suspension or termination in any manner of one or more joint Members shall constitute, respectively, suspension or termination of the joint Membership; and

(e) Only one joint Member, and not two or more concurrently, shall be eligible to serve as a Director of the Association, but only if all the joint Members meet the qualifications required there for.

3. Voting Rights Suspension. Upon a Member's failure to pay any amounts due the Association or to cease compliance with the Association's rules, regulations, and policies, the Board of Directors may suspend the voting rights of such Member; PROVIDED, the Board of Directors shall first give such Member notice by mail of the delinquent account and/or violations.

The standard Association notice of non-compliance and/or delinquent notice of amounts due constitutes written notice to the Member from the Board of Directors. Such notice shall also warn that such Member's voting rights may be suspended if the Member does not make full payment of the outstanding debt owed to the Association or does not otherwise comply with the Association's rules, regulations and policies within a reasonable

time limit. Such time limit shall not be less than three (3) days from the date of notice. Not otherwise inconsistent with this bylaw and Article IX of these Bylaws, the Board of Directors shall have the authority to prescribe the instances in which voting rights may be suspended, the extent of such suspension and the remedial measures required to remove such suspension.

4. Members may vote through the internet using a unique login username and password registered with and administered by the Association or agent authorized to tabulate votes. Members may vote any time after the Annual Meeting announcement is made, and the official ballot has been received and must be made through a secure connection to a Board of Directors approved Server. Electronic voting must be initiated using a unique ballot ID and random PIN assigned to each ballot. Electronic voting will be suspended at midnight, the day preceding the date of the meeting or any adjournment thereof.

ARTICLE V - MEETING OF MEMBERS

1. Annual Meeting. The Annual Meeting of the Members for the election of Directors, hearing and passing upon reports covering the previous fiscal year, and for the transaction of such other business as may properly come before the meeting shall be held each year during the month of March at such time and place as is designated by the Board of Directors; PROVIDED, for cause sufficient to it, the Board of Directors may fix a different date for such Annual Meeting not more than thirty (30) days prior or subsequent to the 15th day of March of the year for such meeting. Failure to hold the

Annual Meeting at the designated time and place shall not work a forfeiture of dissolution of the Association,

2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-twentieth (1/20) of all of the votes of the Association.

3. 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 via U.S. Mail or by electronic mail over the internet a copy of such notice, not less than ten (10) days nor more than fifty (50) days before such meeting to each Member entitled to vote there at, addressed to the Member's street address or email address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a Special Meeting, the purpose of the meeting. Record date of ownership will be sixty (60) days prior to the meeting. The incidental and non-intended failure of any Member to receive such notice shall not invalidate any action which may be taken by the Members at any such meeting and the attendance in person of a Member at any meeting of the Member shall constitute a waiver of notice of such meeting.

4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, and the prior votes on the topics detailed in the notice of such meeting, cast by electronic ballot, equaling one-tenth (1/10) of the votes of the Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. Online proxies, including directed proxies,

also count toward quorum requirements. If a quorum is never established at any such meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date in not less than twenty (20) days; PROVIDED, the Secretary shall notify all Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Article V, Section 3. At all meetings of the Members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those Members who are registered as present. When a required quorum is once present to organize a meeting, the Members who remain present may continue to do business at the meeting, or at any adjournment thereof, notwithstanding the withdrawal of enough Members to leave less than a quorum.

5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be:

(a) In writing, and/or via online proxy, and filed with the Secretary or the onsite manager from the management company contracted with the Association, at the principal office of the Association located at 91 Clubhouse Drive, Sanford, NC 27332, during office hours or via an agent authorized to tabulate votes, as selected by the Board of Directors, (e.g. The Inspectors of Election). All proxies must be received before close of business on the third day preceding the date of the meeting or any adjournment thereof;

(b) Executed by the Member in writing (or via online proxy described above) and designating the holder thereof which holder shall be the Member's spouse, an adult close relative (18 years or older) residing in the

same household as the Member, another Member who is a natural person, or continuing Directors and;

(c) Specific as to the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than fifty (50) days prior to the date of such meeting or any adjournment thereof; PROVIDED, that all online proxies are received and any mailed proxies not otherwise dated shall be deemed dated as postmarked if postmark is satisfactorily evidenced; AND PROVIDED FURTHER, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the Member at such adjournment. In the event a Member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if two or more proxies executed by one Member carry the same date and are held by different persons, none of such proxies shall be valid or recognized. The presence in person of a Member at any meeting or any adjournment thereof shall allow, if the Member so desires, for the revocation of ~~revoke~~ any proxy theretofore executed by that Member for such meeting or for such adjournment thereof, as the case may be, and that member shall be entitled to vote in the same manner and with the same effect as if that Member had not executed a proxy; whenever a Member is absent from a meeting of the Members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such Member to the same extent that such member could vote if present in person, unless such member has given a written proxy to some other person eligible to vote such proxy. Every proxy

shall be revocable and shall automatically cease upon the sale of that Member's lot.

6. Meeting to Remove Director. Any Director may be removed from the Board, with or without cause, by a majority vote of the members present in person or by proxy at a validly called and conducted annual member or special member meeting if the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of the Director.

7. Order of Business. The order of business at the Annual Meeting of the Members and, insofar as practicable or desirable, at all other meetings of the Members shall be essentially as follows:

- (a) Report on the number of Members present in person or by proxy in order to determine the existence of a quorum;
- (b) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (c) Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereon;
- (d) Election of Directors;
- (e) Presentation and consideration of reports of Officers, Directors and Committees; Treasurer to present annual budget; and President to present the Annual Audit report;
- (f) Announce election results; administer Oaths of Office;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

If a quorum was not met (by total members present and/or proxies), the Order of Business may be followed with the exception of (h) New business.

Notwithstanding the foregoing, the Board of Directors may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, only items (a) thru (f) on the Order of Business maybe conducted other than the adjournment until and unless the existence of a quorum is first established.

ARTICLE VI - BOARD OF DIRECTORS

1. Number. The affairs of the Association shall be managed by a Board of no less than nine (9), nor more than thirteen (13) Directors, who shall be Members of the Association and elected in accordance with Article VII.

2. Qualifications. No person shall be eligible to become or made a Director of the Association who is a close relative or employee of the developer, is a close relative of another Board member, or is not a Member in good standing of the Association. Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Directorship or other position of trust in the Association lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or cause person to be removed there from as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of

the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one of more of the Directors have any interest adverse to that of the Association.

3. Term of Office. At each annual meeting the members shall elect Directors for the terms expiring in that year for a term of three years.

4. Compensation. No Director shall receive compensation for any services as such to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties.

5. Supervision of a Close Relative. No member of the Board of Directors may supervise a close relative, participate in any employment related decision or discussion effecting a close relative or serve on any committee or subcommittee responsible for hiring, supervising or make any decision relating to the employment to a close relative.

ARTICLE VII - NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. It shall be the duty of the Board of Directors to appoint, a minimum of five (5) months prior to the date of a meeting of the Members at which Directors are to be elected, a Committee on Nominations consisting of a Chairman, who shall be a member of the Board of Directors; and not less than two (2) nor more than six (6) Members of the Association, who are not existing Association employees, agents, Officers, Directors, or known candidates for Directors, who are not close relatives nor are members of the same household thereof.

The Committee will serve from the time of appointment until after the Chairman presents the slate of nominees nominated by the Committee and those nominated by petition to the Members at the Annual

Members Meeting. Sixty (60) days prior to the Annual Meeting this Committee shall submit to the Board of Directors the list of all properly submitted nominations for election to the Board of Directors, Nominations may be made from the floor at the Annual Meeting. Notwithstanding the provisions contained in this section, failure to comply with any of the provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

2. Election. The Credentials and Election Committee as described in Article XI. Section 2., will conduct the election. Board of Directors designated third party agents (e.g. TIE) may assist the Credentials and Election Committee as well as the Manager. Election to the Board of Directors shall be by secret written ballot either online or in person at the meeting. At such election the Members or their proxies may cast, but not cumulatively, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Article IV of these Bylaws. No Member may vote for more nominees than the number of Directors who are to be elected. Ballots marked in violation of the foregoing restrictions shall be invalid and shall not be counted. The persons receiving the largest number of votes shall be elected and the count shall be certified by the Credentials and Election Committee. Notwithstanding the provisions contained in this Section, failure to comply with any of such provision shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

3. Oath of Office. At each Annual Meeting, following the election and in the presence of the assembled Members, newly elected board members must take an oath of office wherein the board member promises to:

- a) faithfully uphold and administer the Declarations as recorded in the Office of Register Deeds in Harnett County
- b) faithfully abide by the bylaws of Carolina Lakes Property Owners' Association, Inc.
- c) agree to the "Fiduciary Relationship" of trust with all Members as defined in Article III. Section 10 of these Bylaws and
- d) conduct all Board business respectfully and fairly for the mutual benefit of all Members.

In the event a vacated board position must be filled by Board appointment, that appointee must also submit to the above Oath at the next regularly scheduled open board meeting. In either situation, this Oath is to be administered by the presiding officer of the Association.

ARTICLE VIII - MEETINGS OF DIRECTORS

1. Regular Meetings. A meeting of the Board of Directors shall be held after the adjournment of the Annual Meeting for the purpose of the election of its officers. Regular meetings of the Board of Directors shall be held at such time, place, and hour as may be fixed from time to time by resolution of the Board of Directors.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any three (3) Directors after not less than three (3) days' notice to each Director. Special meetings, upon proper notice as otherwise provided herein, may also be held via telephone conference call, without regard to the actual location of the Directors at the time of such a telephone conference meeting, if all the Directors consent thereto.

3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business; PROVIDED, a Director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter, be counted in determining the number of Directors in office or present; AND PROVIDED FURTHER, if less than a quorum be present at a meeting, a majority of the Directors present may adjourn the meeting from time to time, but shall cause all Directors to be duly and timely notified of the date, time and place of such adjourned meeting. 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, except as otherwise provided in these Bylaws (Articles VIII 2. and XI) or as required by law.

4. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval, to include electronic written approval, of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE IX - POWERS and DUTIES of the BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the 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 rights to use of 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 Association. Such rights may also be

- suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the 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; and
- (e) in the event of death, resignation or removal of a Director, that Director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor. The successor must meet the qualifications listed in Article VI section 2.
- (f) employ a manager, an independent contractor, a property management firm or such other employees as they deem necessary, and to prescribe their duties.
- (g) establish a Community Code, listing a system of fines for violation of Reservations and Restrictions, Bylaws and Board Resolutions;
- (h) institute liens as a result of non-payment of fines.
- (i) establish committees for the operation of their duties as Directors of the Association, with each Committee, except for Judicial and Judicial Appeals being chaired by a member of the Board of Directors. Each such established committee may be separated or combined by a determination of the Board of Directors, depending on the needs of the Association and the abilities of the Directors.

(j) to delegate to the Reservations and Restrictions Committee, the rights of access detailed in §47F-3-107(a) related to maintenance and repair of common areas.

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

(a) cause to be kept a complete record of all of 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 one-fourth (1/4) of the Members who are entitled to vote;

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

(c) as more fully provided in the Declaration and elsewhere in these By Laws, to:

(1) submit for consideration of the Members any recommended increase or decrease in the amount of the annual assessment against lots at least thirty (30) days in advance of an Annual or special meeting of Members called for that purpose.

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or 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 certificate shall be conclusive evidence of such payment;

- (e) procure and maintain adequate liability and hazard insurance on property owned or leased by the Association;
- (f) procure and maintain Directors and Officers liability insurance against un-indemnified losses;
- (g) cause all officers or employees having fiscal responsibilities to be bonded;
- (h) cause that portion of the Common Area and facilities which is under the direct control and supervision of the Association to be maintained.

ARTICLE X - OFFICERS AND THEIR DUTIES

1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, a secretary, and a treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.
2. Election of Officers. The election of officers shall take place, by secret ballot, at the first meeting of the Board of Directors following each Annual meeting of the Members.
3. Terms. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.
4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board, whenever in its judgment the best interests

of the Association will be served thereby. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. 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 replaced.

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.

8. Fiduciary Relation to Association and Members. Officers and Directors shall be deemed to stand in a fiduciary relation to the Association and its Members and shall discharge the duties of their respective positions in good faith and with diligence and care which ordinarily prudent people would exercise under similar circumstances in like positions.

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

(a) President - The president shall:

(1) be the principal executive officer of the Association and shall preside at all meetings of the Board of Directors and, unless determined otherwise by the Board of Directors, at all meetings of the Members;

(2) issue oath of office to newly elected Directors;

(3) sign, with the secretary, any leases, deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or

by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; no unwritten agreement, binding on the Association, shall be entered into by any member of the Board of Directors with any person, party or contractor.

(4) sign, or in his/her absence any two of the remaining three officers may sign, all checks and promissory notes;

(5) cause an annual audit of the Association's books to be made after the end of each fiscal year, by a qualified independent third party.

(6) in general, 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.

(b) Vice President. The vice-president shall act in the place and stead of the president in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board.

(c) Secretary. The secretary shall:

(1) keep, or cause to be kept, the record of votes and the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose;

(2) oversee the process of providing ~~see that~~ all notices ~~are duly given~~ in accordance with these Bylaws or as required by law;

(3) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all certificates of Membership prior to the issue thereof and to all documents the execution of which, on behalf of the Association under its seal, is duty authorized in accordance with the provisions of these By Laws or is required by law;

(4) sign, with the president, all documents covered in paragraph 9(a)(3) of this article;

(5) keep or cause to be kept, a register of the name and post office address and email address of each Member, which address shall be furnished to the Association by such Member;

(6) have general charge of the books of the Association in which a record of the Members is kept;

(7) oversee the maintenance and filing of ~~keep on file at all times~~ a complete copy of the Association's Articles of Incorporation and By Laws, together with all amendments thereto, which copies shall always be open to the inspection by any Member; and

(8) in general, perform all duties incident to the office of the secretary and such other duties as from time to time may be assigned to the secretary by the Board of Directors.

(d) Treasurer. The treasurer shall:

(1) oversee, in coordination with the property management company, the receipt and deposit in appropriate bank accounts all funds and securities of the Association and oversee, in coordination with the property management company the disbursement of such funds as directed by resolution of the Board of Directors;

(2) provide oversight to the property management company to ensure the proper receipt and issuance of receipts for monies due and payable to the Association from any source whatsoever;

(3) compile an estimated budget for the coming fiscal year based on committee recommendations for approval of the Board and provide a copy of the Board approved budget to the Members; and

(4) oversee the keeping of proper books of account and the preparation of a monthly statement of income and expenditures, such statement to be presented at the regular monthly Board Meetings, and provided to any Members upon request.

ARTICLE XI -COMMITTEES

1. Architectural Committee. The architecture of Carolina Lakes homes and/or improvements to and on each of the lots subject to these covenants will be controlled by the Architectural Committee (Architecture Committee authority does not extend to the owners of any lots in Lakeside Manor, except as pertains to lakefront lots and any Lakefront development). The Architectural Committee, consisting of a minimum of three (3) persons and including one member of the Board of Directors as its chair, shall be appointed by the Board of Directors as it may from time to time resolve. The Architectural Committee is authorized to establish written policies to use in the accomplishment of their responsibilities as established in the Reservations and Restrictions. The Architectural Committee members are permitted to enter upon any of the lots on the properties during preparation, construction, erection, or installation of any improvements to determine that such work is being performed in conformity with the approved plans and specifications. If these requirements are not met, the Architectural Committee may file a complaint for a violation of the Community Code against the owner of the property, and if necessary, a suit to enjoin further construction may be instituted by the Board of Directors.

2. Reservations and Restrictions Committee. The Board of Directors shall appoint one of its members as the chair of the Reservations and Restrictions (R&Rs) committee. Any Owner failing to maintain any home or lot in a manner which is reasonably neat and orderly or failing to keep improvements constructed thereon in a state of repair so as not be unsightly, the Association, ~~at its discretion~~ through the R&Rs Committee, its agents and/or employees, following thirty (30) days written notice to the Owner, may enter upon and make or cause to be made repairs to such improvements and perform such maintenance on the home or lot such as, but not limited to, the removal of trash and cutting of grass. The Association, through the R&Rs Committee or its agents, shall have an easement for the purpose of accomplishing the foregoing. The costs incurred by the Association in rendering all such services plus a service charge, to be determined by the R&Rs Committee and ~~Board of Directors~~, shall be added to and become a part of such other assessments to which such dwelling unit or lot is subject. The exterior maintenance of homes, lots and improvements constructed thereon shall be the duty of the Owner of such home or lot and shall not normally be interfered with by the Association or any person. However, if a valid written complaint concerning the condition of any lot or structure thereon is received by the R & Rs Committee, the matter will be researched, which may include a visit to the subject property, (no such visit shall occur without prior notice and coordination with the owner, unless the owner is unreachable). If the complaint cannot be resolved, the R & R's Committee will bring the matter to the Judicial Committee. (R&R committee authority does not extend to the owners of any lots in Lakeside Manor).

3. Financial Oversight Committee. The Board of Directors shall approve a Financial Oversight Committee to assist the Treasurer in accomplishing the assigned duties in Article X. Section 9.(d). This Committee shall consist of at least three members.

4. Judicial. The Board of Directors shall establish a Judicial Committee to hear all charges against any property owner, resident or contractor alleged to have violated any provision of the Community Code or the Reservations and Restrictions. The Board of Directors will also develop a Judicial Procedures document to govern the actions of the Judicial Committee and the Judicial Appeals Committee. The Judicial Committee shall be comprised of seven (7) individuals over the age of 21, who own property in and reside in the Carolina Lakes community. Each member of the Judicial Committee shall be appointed for a term of three (3) years. The members of the Committee whose terms are expiring may be re-appointed by the Board. Any committee member of the Judicial Committee may be removed from the Committee, with cause, by the Board whenever in its judgment the best interests of the Association will be served thereby. If a vacancy develops for whatever reason, the Board shall appoint a new member to serve the remainder of the term of the affected party. No person shall be appointed to the Committee unless he/she owns property in and physically resides in the Carolina Lakes community. Any person appointed to the Committee must be a member of the Association in good standing. Any Committee member who loses his/her status as a member of the Association in good standing, or who no longer resides in the Carolina Lakes community, or who is absent from three (3) consecutive meetings of the Committee, shall be disqualified to continue to serve on the Committee. At the initial meeting of the Committee, the members shall elect one

member of the Committee as Chair and one member of the Committee as Secretary. The Chairman shall be elected for a term of one (1) year, and the Secretary shall be elected for a term of two (2) years. The Chairman or his/her designee shall preside at all meetings of the Committee and shall have general charge of and control over the affairs of the Committee, subject to such restrictions as the Committee may from time to time determine. The Secretary shall keep a record of the minutes of all meetings of the Committee, shall give notice of meetings of the Committee, shall have custody of the books, records and papers of the Committee and shall perform such other duties as may from time to time be assigned to him/her by the Committee. The Committee shall file a written monthly report of its actions with the President of the Board.

5. Roads. The Board of Directors shall appoint one of its members as the chair of the Roads Committee. The Roads committee is responsible for the maintenance of the roads and signs throughout Carolina Lakes (Not to include the Roads in Lakeside Manor). The Roads Committee will continually evaluate the roads within the community to determine what areas require maintenance, repair or replacement and each year by September 1st, the Roads Committee will establish a proposed budget for the upcoming year.

6. Security Committee. The Board of Directors shall appoint one of its members as the chair of the Security Committee. The Security Committee is responsible for the general security of Carolina Lakes. The Committee shall recommend and evaluate the Security Services contractor utilized by the Association. The Security Committee shall make recommendations for Security Infractions as documented in the Community Codes and shall represent the Association at Judicial Committee procedures involving security related infractions. The Security Committee shall create procedures

for Security-related items, such as Bus Stop Procedures. By September 1st of each year, the Security Committee will establish a proposed budget for the upcoming year.

7. Lakes and Dams Committee. The Board of Directors shall appoint one of its members as the chair of the Lakes and Dams Committee. The Lakes and Dams Committee is responsible for maintaining the Lakes as beautiful and safe amenities. The Lakes and Dams Committee is responsible for overseeing the regular inspection of the Dams, to include the risers, and ensuring the all needed maintenance is carried out. By September 1st of each year, the Lakes and Dams Committee will establish a proposed budget for the upcoming year.

8. Judicial Appeals Committee. The Board shall appoint a Judicial Appeals Committee consisting of five members over the age of 21 years, who own property and reside in the Carolina Lakes community and are members of the Association in good standing. Any committee member of the Judicial Appeals Committee may be removed from the Committee with cause by the Board whenever in its judgment the best interests of the Association will be served thereby. Members of the Judicial Appeals Committee whose terms are expiring may be re-appointed by the Board. Each member of the Judicial Appeals Committee shall be appointed for a term of three (3) years. No member of the Board, or any family member of the Board, shall serve on the Judicial Appeals Committee. No member of the Judicial Committee or any other person that participated in the Judicial Committee hearing may participate in the hearing of the matter before the Judicial Appeals Committee. The Judicial Appeals Committee shall annually elect one of its members as Chair and one of its members as Secretary. The Chairman shall preside at all meetings of the Committee and shall have

general charge of and control over the affairs of the Committee, subject to such regulations and restrictions as the Board may from time to time determine. The Secretary shall keep a record of the minutes of all meetings of the Committee, shall give notice of meetings of the Committee, shall have custody of the books, records and papers of the Committee and shall perform such other duties as may from time to time be assigned to her/him by the Committee.

9. Buildings Committee. The Board of Directors shall appoint one of its members as the chair of the Buildings Committee. The Buildings committee is responsible for the upkeep and maintenance of all buildings owned by CLPOA. By September 1st of each year, the Buildings Committee will establish a proposed budget for the upcoming year.

10. Grounds Committee. The Board of Directors shall appoint one of its members as the chair of the Grounds Committee. The Grounds committee is responsible for the maintenance and upkeep of all the Common grounds within Carolina Lakes. (Not to include the Grounds in Lakeside Manor). By September 1st of each year, the Grounds Committee will establish a proposed budget for the upcoming year.

11. Community Affairs Committee. The Board of Directors shall appoint one of its members as the chair of the Community Affairs Committee. The Community Affairs Committee works to plan and manage many activities throughout the year including events for Christmas, Easter, End of School, 4th of July, Neighborhood Yard Sales, and many other fun activities. By September 1st of each year, the Community Affairs Committee will establish a proposed budget for the upcoming year.

12. IT Advisory Committee. The Board of Directors shall appoint one of its members as the chair of the IT Advisory Committee. The IT Advisory

Committee's responsibilities include server software/hardware maintenance, PC desktop support for the office/guard house computers, gate system software, DSL connections, configuration of routers/networks. By September 1st of each year, the IT Advisory Committee will establish a proposed budget for the upcoming year.

13. Recreation Committee. The Board of Directors shall appoint one of its members as the chair of the Recreation Committee. The Recreation committee oversees the operation of the pool, basketball courts, tennis courts, volleyball courts and playgrounds and provides the community with events and activities during the year such as Movie Night, Summer Soccer Camp and YMCA Swimming Lessons. By September 1st of each year, the Recreation Committee will establish a proposed budget for the upcoming year.

14. Election Committee. The Board of Directors shall, not less than fifty (50) days before any Annual Meeting of the Members, appoint an Election Committee. The Committee should have an uneven number of members not less than three (3) nor more than nine (9), and at least one (1) of whom should have served on the previous committee or, if unable to appoint someone with prior committee experience, an individual who has been a Member for at least five years. Election Committee members should not be members of the Nominating Committee or existing Association employees, agents, officers, Directors or known candidates for Director, or who are not close relatives (as defined in Article III) or members of the same household thereof. This Committee shall elect its own chairman and secretary. This Committee will receive from the Board of Directors the list of nominees Article VII (1) and conduct the election as provided in Article VII (2). The Committee will prepare the Board approved ballot and

supervise the mailing to Owners qualified to cast ballots, on record sixty (60) days prior to the election of Directors. It shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other voting, to pass upon all questions that may arise with the registration of Members, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballot or other vote irregularly or indecisively marked or cast, to rule upon any question that may arise relating to Member voting and the election of Directors, and to pass upon any protest or objection filed with respect to any election of Directors or conduct affecting the results of any such election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Board of Directors and designated third party agents (e.g. TIE) as well as the onsite manager from the management company contracted with the Association, may assist the Credentials and Election Committee.

15. Communications Committee. The Board of Directors shall appoint one of its members as the chair of the Communications Committee. The Communications Committee through the use of newsletters, social media and Carolinalakes.info website and signage will seek to communicate up to date and reliable information to the community.

16. The Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose, including the designation of three or more Directors as an Executive Committee which shall have and may exercise all of the authority of the Board of Directors between meetings of the full Board in emergency situations only.

ARTICLE XII - BOOKS AND RECORDS

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

ARTICLE XIII - ASSESSMENTS

As more fully provided in the Declaration and elsewhere in these By-Laws, each Owner is obligated to pay to the Association annual assessments which are secured by a continuing lien upon the lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within sixty (60) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum legal rate then provided by the laws of the State of North Carolina for such obligations, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's 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 Common Area or abandonment of his lot.

ARTICLE XIV - INDEMNIFICATION

Any person who at any time serves or has served as a Director, officer, employee or agent of the Association, or in such capacity at the request of the Association for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding. The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this By-Law, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due such person and giving notice to, and obtaining approval by, the shareholders of the Association. Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any

other rights to which such person may be entitled apart from the provision of this By-Law.

ARTICLE XV - COMPENSATION OF DIRECTORS AND OFFICERS

Neither the Officers, Directors, nor Members serving on committees shall receive any salary or compensation for services as such rendered to the Association. ~~except the Secretary and Treasurer who shall receive such compensation as may be fixed from time to time by the Board of Directors~~

ARTICLE XVI - CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the name of the Association and the word "SEAL".

ARTICLE XVII - AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy. Amendment issues may be placed on the ballot by CLPOA Board Resolution or by petition of one-twentieth (1/20th) of all lots in Carolina Lakes PROVIDED each property owner is represented by signature and is in good standing with the CLPOA. One signature per lot owned is permitted and the petition must be submitted to CLPOA Board of Directors at least sixty (60) days prior to the date of the annual members meeting. In case of any conflict, this is the order of control: Articles of Incorporation, Reservations and Restrictions, and Bylaws.

ARTICLE XVIII - FISCAL YEAR

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

Original: March 1983

Amendments:

March 1988, Articles 1, VII, X, XI

March 1990, Articles III, IV, V, VI, VII, VIII, X, XI, XVIII March 1994,
Articles IX, XI

March 1997, Articles I, VI, X March 1999, Article VI (6)

March 2001, Article XVII

March 2003, Articles V(6), VII(3)

March 2006, Article (7)

March 2010, Article VI (1,3)

March 2020, Multiple updates and minor changes