

**Schedule D  
BYLAWS  
OF  
COURSE NUMBER 7 HOMEOWNERS ASSOCIATION**

**ARTICLE I  
NAME AND LOCATION**

- Section 1:** Name. The name of the corporation is Fairwoods on 7 Homeowners Association, hereinafter referred to as the "Association".
- Section 2:** Location. The principal office of the corporation shall be located in the Village of Pinehurst, Moore County, North Carolina. The registered office of the Association may be, but not need be, identical with the principal office.

**ARTICLE II  
DEFINITIONS**

- Section 1:** "Association" shall mean and refer to Fairwoods on 7 Homeowners Association, a North Carolina non-profit corporation, its successors and assigns.
- Section 2:** "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.
- Section 3:** "Declaration" shall mean and refer to the Declaration of Restrictions, Conditions, Easements, Covenants, Agreements, Liens and Charges applicable to the Properties recorded in Book 545, Page 146, and any amendments thereto, in the Office of the Registrar of Deeds for Moore County, North Carolina.
- Section 4:** "Lot" shall mean and refer to any numbered plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the Common Area.
- Section 5:** "Member" shall mean and refer to every person or entity who holds membership in the Association.

**Section 6:** "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 interest merely as security for the performance of an obligation.

**Section 7:** "Properties" shall mean and refer to the "Existing Property" described in Article IV of the Declaration and brought within the jurisdiction of the Association.

### **ARTICLE III** **MEETING OF MEMBERS**

**Section 1: Annual Meetings.** The regular annual meeting of the Members shall be held in November each year at a time and day so selected by the Directors. The Board of Directors has the authority to change the date and time of the annual meeting with proper notice as defined in Section 4 of this Article.

**Section 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-fourth (1/4) of all of the votes of all Lot owners.

**Section 3: Place of Meeting.** All meetings of the Members shall be held at such place, within Moore 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 note, postage prepaid, not less than ten (10) days nor more than fifty (50) days before the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing 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. In the event there shall be vote at said meeting for proposed amendment(s), and/or change(s) to the Bylaws, the Board shall include in said notice a copy of the proposed amendment(s) and/or change(s).

- Section 5: Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting until a quorum as defined herein 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. Each proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.
- Section 7: Waiver of Notice.** Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.
- Section 8: 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 Association to be kept in the Association's minute book.

#### **ARTICLE IV** **BOARD OF DIRECTORS**

- Section 1: Number.** The business and affairs of the Association shall be managed by a board of five (5) directors, shall be Members of the Association and three (3) of whom must be primary residents of Fairwoods on 7.
- Section 2: Term of Office.** Beginning in January 2006, the term of office for members of the Board of Directors shall be three years, except as provided for during the transition period. The term of office shall run from January 1 of the year following election through December 31 of the third year of service. Each director shall hold office until

his/her death, resignation, removal, disqualification, or until his/her successor is elected and qualifies. The transition from two-year staggered terms to three-year staggered terms shall be accomplished as follows: In the election to be held in November 2005, the Members shall elect two (2) directors for three-year (3) terms. In the election to be held in November 2006, the Membership shall elect two (2) directors for three-year (3) terms and one director for a one-year (1) term. Thereafter all new directors shall be elected for three-year (3) terms, resulting in a staggered expiration of terms.

**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 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 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 the Board shall in its discretion determine, but not less than the number of vacancies that are to be filled.

**Section 4: Election.** Except as provided in Section 5 of this Article, directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person(s) receiving the largest 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 Association. In the event of death, resignation or removal of a director, his/her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

**Section 6: Compensation.** No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his/her duties.

## **ARTICLE V**

### **MEETINGS OF DIRECTORS**

**Section 1: Regular Meeting.** Regular meetings of the Board of Directors may 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 may be held at the same time on the next day which is not a legal holiday.

**Section 2: Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) 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 of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

**Section 5: Liability of the Board.** The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to there arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by

them on behalf of the Association, except to the extent that they are Owner(s).

**ARTICLE VI**  
**POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

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

- (a) Adopt and publish rules and regulations governing the use of the Common Areas 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 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 this Association and not reserved to the membership by other provisions of these Bylaws, 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;
- (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 the Association when deemed necessary;
- (g) Grant easements for the installation and maintenance of sewerage, utilities or drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements are requisite for the convenience use and enjoyment of the Properties; and
- (h) Appoint and remove at its pleasure all officers, agents and employees of the 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, or at any special meeting when such statement is requested in writing by Members entitled to cast at least one-fourth (1/4) of the votes;

- (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, to:
  - (1) Fix the amount of the annual assessment against each Lot at least (30) days before January 1 of each year and to fix the amount of any special assessment if the Board so desires;
  - (2) Send written notice of each assessment to every Owner subject thereto at least fifteen (15) days before its due date 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 the due date or 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 insurance covering the Association and the directors and officers thereof and adequate hazard and liability insurance on the property owned by the Association and by the Owners as provided in the Declaration;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) Cause the Common Area to be maintained; and
- (h) Cause the roads, streets, and access easements to be maintained.

## **ARTICLE VII**

### **OFFICERS AND THEIR DUTIES**

**Section 1: Enumeration of Officers.** The officers of the 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 organization meeting of the Board of Directors. An officer may be re-elected to serve consecutive terms.

**Section 3: Term.** Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year, from January 1 through December 31, or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

**Section 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.

**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 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/she 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: Compensation.** No officer shall receive any compensation from the Association for acting as such.

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

#### **President**

- (a) The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and control the management of the Association. 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 co-sign all checks and promissory notes.

#### **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 meetings and proceedings of the Board and of the Members; keep the corporate seal of the 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 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 Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of the account; a statement of income and expenditures to be presented to the membership at its regular annual meetings, and deliver a copy to each of the Members.

### **ARTICLE VIII** **COMMITTEES**

The Board of Directors shall appoint an Architectural Review Board, as provided in the Declaration, and a Nominating Committee and Finance Committee, as provided by these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

### **ARTICLE IX** **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 principle office of the Association, where copies may be purchased at a reasonable cost.

**ARTICLE X**  
**ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the 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 percent (8%) per annum, plus such late charge as may be established by the Board of Directors, 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; any 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 non-use of the Common Areas or abandonment of his Property.

**ARTICLE XI**  
**CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: Fairwoods on 7 Homeowners Association.

**ARTICLE XII**  
**AMENDMENTS**

- Section 1:** These Bylaws may be amended, at an annual or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or in proxy.
- Section 2:** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XIII**  
**MISCELLANEOUS**

The fiscal year of the 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.

**ARTICLE XIV**  
**INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS**

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorney's fees) or liabilities actually and reasonably incurred by him/her in connection with a defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he/she is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct in the performance of his/her duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Members, or disinterested directors or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her in such capacity, or arising out of his/her status as such, whether or not the Association would have the power to indemnify him/her against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article XIV, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

**ARTICLE XV**  
**ARBITRATION**

Any claim which shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration or under any applicable law, and judgment upon the award may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the Director(s), one by the Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him/her or them. If the Director(s) or the Owner(s) shall refuse or fail to name an arbitrator within thirty (30) days after the written notice from the other party requiring the naming of an arbitrator, then the arbitrator so named by the party not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as if he/she were an arbitrator appointed by both parties for that purpose, and his/her award in writing signed by him/her shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings shall be conducted in Moore County, North Carolina.

**CERTIFICATION**

I, the undersigned, do hereby certify:

THAT, I am the duly elected and acting Secretary of Fairwoods on 7 Homeowners Association, a North Carolina Corporation, and

THAT the foregoing Bylaws constitute the amended Bylaws of said Association as duly adopted at the Annual Meeting of the Fairwoods on 7 Homeowners Association thereof, held on the 30th day of November 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 16<sup>th</sup> day of December, 2005

  
Secretary

