



## BYLAWS OF KING'S GRANT HOMEOWNERS ASSOCIATION, INC.

### ARTICLE I GENERAL

Section 1. **The Name.** The name of the corporation is KING'S GRANT HOMEOWNERS ASSOCIATION, INC.

Section 2. **The Principal Office:** The principal office of the corporation shall be 119 N. Cool Spring Street, in the city of Fayetteville, Cumberland County, North Carolina, 28305, or at such other place the Board of Directors may subsequently designate.

Section 3. **Definitions:** As used herein, the term "corporation" may be used interchangeably with and shall be the equivalent to "Association" as defined in the Declaration of Covenants, Conditions and Restrictions of Kings Grant, Section III, (herein called the "Declaration") and shall be applicable herein, unless otherwise defined herein.

### ARTICLE II PURPOSES

As set forth in the Articles of Incorporation, the purposes of the Association, which may be amended from time to time, are listed below.

- (a) Exercise all of the powers and privileges and perform all of the duties and; obligations of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration",
- (b) 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.
- (c) Acquire, 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.
- (d) Borrow money, and with the consent of two thirds (2/3) of the members mortgage pledge, deed in trust, or use any or all of its real or personal property as security for money borrowed or debts incurred.
- (e) Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such subject to conditions agreed to by the (2/3) two-thirds of the membership.
- (f) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area. Any such merger, consolidation or annexation shall have the consent of two-thirds (2/3) of the members.
- (g) To have and to exercise any and all powers, rights and privileges, which a corporation organized under the Nonprofit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE III  
DEFINITIONS

1. **Association** shall mean and refer to King's Grant Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.
2. **Developer** shall mean and refer to King's Grant Club, 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 Cumberland County, North Carolina, (known as King's Grant 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, as described in Article III, Item 3, which is designated for residential use.
7. **Owner** shall mean and refer to the Cumberland 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 King's Grant 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.

ARTICLE IV  
MEMBERSHIP

Section 1. **Membership Definition:** Every person or entity who is a record Owner of a fee or undivided fee interest in any lot, which is subject by the Declaration to assessment by the Corporation, including contract sellers, shall be a member of the Corporation. Until such time as the covenants of Sections I & II can be changed to reflect membership in the Corporation, record Owners in these two sections may voluntarily join the Corporation with all of the rights, privileges and duties of those members described in Part Three, Article I of the Declaration of Covenants of Section III. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be pursuant to and may not be separated from ownership of any lot. Until such time as the covenants of Sections I & II can be changed to reflect membership in the Corporation, the foregoing is not intended to bind future property owners in Sections I & II, even though the current lot owner may be a voluntary member of the Association.

Section 2. **Transfer of Membership:** Membership in the corporation may be transferred only as an incident to the transfer of the transferor's lot in King's Grant, Sections IIA thru VII of the Subdivision.

Section 3. **Voting Rights:** The Association shall have one type of regular voting membership. Each Member shall be entitled to one (1) vote for each Residential Lot or Dwelling Unit, which he owns. If a Dwelling Unit is constructed on more than one (1) Residential Lot, the Owner shall have one (1) vote for the Dwelling Unit but shall have no additional vote for each other Residential Lot comprising a part of the total consolidated home or building site so long as such lot remains a part of the consolidated site.

When any Property entitling the Owner to membership of the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants- in-common, tenants-in-partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same Property, then an instrument shall direct who shall cast the vote or votes, and it or a copy thereof is filed with the secretary of the Association.

Section 4. **Suspension of Membership:** During any period in which a member shall be in default in the payment of annual or special assessment levied by the Association "the voting rights" of such member may be suspended by the Board of Directors until such assessment has been paid. These same rights including the use of the Common Area and properties may also be suspended for violation of any rules and regulations established by the Board of Directors but only after notice and hearing. In this case a member's rights may be suspended for a period not to exceed ninety (90) days.

ARTICLE V  
MEETINGS OF MEMBERSHIP

Section 1. **Place:** All meetings of the corporate membership shall be held at Fayetteville, North Carolina, or at such other place as may be stated in the notice.

Section 2. **Annual Meeting**

- (a) Unless otherwise determined by the Board, regular annual meetings of the members shall be held in October in each year.
- (b) All annual meetings shall be held on a day and at such hour as is determined by the Board.
- (c) At the annual meeting, the members shall elect the new members of the Board of Directors per Article VI, Section 1 of these by-laws.
- (d) The Association shall transact business according to the agenda in Section 8. Other business may properly come before the meeting through written request by any member of the Association. All such items are to be entered in the agenda as new business and must be submitted in writing to the Association at PO Box 9008, Fayetteville, NC 28311 at least fourteen (14) days prior to the meeting.
- (e) Written notice of the annual meeting shall be served upon or mailed to each member entitled to vote thereat at such address as appears on the books of the corporation, not less than thirty (30) but not more than sixty (60) days prior to the meeting. Each member shall notify the Treasurer of any address changes and the giving of said notice shall be in all respects sufficient if sent to the address of the member which is then on file with the Treasurer.

Section 3. **Membership List:** At least thirty (30) but not more than sixty (60) days before every election of directors, a complete list of members entitled to vote at said election, with residence of each shall be prepared by the Treasurer. Such list shall be produced and kept for said thirty (30) days prior to and throughout this election at the office of the corporation and shall be open to examination by any member throughout such time.

Section 4. **Special Meetings:**

- (a) Special Meetings of the members for any purpose or purposes not prescribed by statute, the Certificate of Incorporation, or these By-Laws, may be called by the Board at the request in writing of twenty-five (25%) percent of the voting membership. Such request shall state the purpose or purposes of the proposed meeting.
- (b) Written notice of a Special Meeting of members, stating the time, place and object thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the corporation, at least ten (10) days before the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, addressed to the member at such address as appears on the records of members of the Association.
- (c) Business transacted at all Special Meetings shall be confined to the items stated in the written notice of the meeting mailed to the members of the Association.

Section 5. **Quorum:** The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows: The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of Members or proxies entitled to cast fifty-one percent (51%) of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and there shall be a quorum requirement of twenty five percent (25%) of the total vote of the Members of the Association for such meeting.

Section 6. **Vote Required to Transact Business:** When a quorum is present at the meeting, majority of the vote cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, shall decide any question brought before the meeting, unless the question is one upon which, by express provision of the statutes, the Declaration or these By-Laws a different vote is required, in which case such express provision shall govern and control the decision of such question. There shall be no cumulative voting.

Section 7. **Waiver and Consent:** Whenever the vote of members at a meeting is required or permitted by any provision of the statutes, the Declaration, or these By-Laws, to be taken in connection with any action of the corporation, the meeting and vote of members may be dispensed with if all members who would have been entitled to vote upon the action of such meeting, if such meeting were held, shall consent in writing to each action being taken.

Section 8. **Order of Business:** The order of business, at annual members' meetings and as far as practical at other members' meetings, will be:

- a. Proof of notice of meeting or waiver of notice;
- b. Reading of minutes of prior meetings;
- c. Officer's report;
- d. Committee reports;
- e. Review of budget;
- f. Roll call and certification of proxies;
- g. Election of directors;
- h. Unfinished business;
- i. New business;
- j. Adjournment.

All items to be entered in the agenda as new business must be submitted in writing to the Association at PO Box 9008, Fayetteville, NC 28311. Except as herein provided, Robert's Rules of Order shall be applicable to the conduct of all meetings.

ARTICLE VI  
BOARD OF DIRECTORS

Section 1. **Number and Term:** A Board of Directors consisting of seven (7) members shall govern The Association. All members of the Board shall be members in good standing of the Association. The first Board of Directors shall be elected for one (1) year and they shall each serve until their successor shall be elected and shall qualify. At the second election of directors Three (3) directors shall be elected for one (1) year, four (4) directors shall be elected for two (2) years. Thereafter, annual elections will be held for either three (3) or four (4) directors, as appropriate, each for a term of two (2) years. Newly elected directors shall assume their duties on the first day of January following their election. Directors shall be elected by a plurality vote as long as the quorum indicated in Article V, Section 5 of these by-laws is met.

Section 2. **Vacancy and Replacement:** If the office of any director becomes vacant by reason of transfer or ownership, death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors shall choose a successor or successors, who shall hold office for the unexpired term.

Section 3. **First Board of Directors:** The first Board shall consist of Harvey Adams, Margaret Boor, Samuel Bright, Delbert Crawshaw, Larry Little, Cornette Nettles, and William Thetford who shall hold office and exercise all powers of the Board as elected at the initial annual membership meeting, held on December 21, 2003, anything herein to the contrary notwithstanding; provided, any or all of said directors shall be subject to replacement in the event of resignation or death as above provided.

Section 4. **Removal:** Directors may be removed with or without cause, by an affirmative vote of a majority of the total membership. Additionally, any director that misses four meetings during a year may be removed from his position by a majority vote of the Board.

Section 5. **Power and Duties:** The property and business of the corporation shall be managed by the Board, which may exercise all corporate powers not specifically prohibited by the statute, the Certificate of Incorporation, or the Declaration. The powers of the Board shall specifically include, but not be limited to the following:

- (a) To make and collect regular and special assessments and establish the time within which payment of those assessments are due.
- (b) To use and expend the assessments collected to maintain, care for and preserve the common areas.
- (c) To enter into and upon the lots when necessary and at as little inconvenience to the owner as possible in connection with such maintenance, care and preservation.
- (d) To insure and keep insured common areas and facilities of the project in the manner set forth in the Declaration against public liability, and to purchase such other insurance as the Board may deem advisable, including insurance against Directors' liability.
- (e) To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from owners for violations of these By-Laws and the terms and conditions of the Declaration.

- (f) To employ and compensate such personnel as may be required for the maintenance and preservation of the property.
- (g) To propose and adopt an annual budget for the property.
- (h) To enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property. To take any and all actions necessary to enforce the covenants, including but not limited to fining Owners for those violations or for not properly maintaining their property.

Section 6. **Liability:** The directors shall not be liable to the owners except for their own individual willful misconduct, bad faith, or gross negligence.

Section 7. **Compensation:** Neither directors nor officers shall receive compensation for their services as such, provided that the corporation may budget such sums as it may deem appropriate for direct reimbursement of actual expenses incurred by the directors or officers in behalf of the corporation.

Section 8. **Meetings:**

- (a) The first meeting of each Board newly elected by the members shall be held in January following the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable.
- (b) The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than such resolution.
- (c) A minimum of four regularly scheduled board meetings shall be held at a time and place such that the entire Association may attend and bring business before the Board of Directors. The Board at the first meeting of each calendar year shall schedule the open meetings for the current calendar year and immediately publicize this schedule to the Association.
- (d) Special meetings shall be held whenever called by the direction of the President or a majority of the Board. Notice shall be given of each special meeting either personally or by mail at least three (3) days before the date of such meeting, but the directors may, in writing, waive notice of the calling of the meeting, before or after such meeting. Optionally, the special meeting may be called by e-mail with five (5) days notice before the date of such meeting. It shall be the Presidents responsibility to fix the place, time and date for holding any special meeting of the Board.
- (e) A majority of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the directors then present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present.
- (f) Action taken by a majority of the Directors without a meeting shall constitute Board action if written consent to the action in question is signed by all Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

Section 9. **Order of Business:** The order of business at all meetings of the Board shall be as follows as far as practical

- a. Roll call;
- b. Approval of Minutes of last meeting;
- c. Elections of necessary directors and officers;
- d. Reports of committees;
- e. Unfinished business;
- f. Original resolutions and new business;
- g. Adjournment.

Section 10. **Annual Statement:** The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and condition of the corporation, including a report of the operating expenses of the corporation and the assessments paid by each member.

## ARTICLE VII OFFICERS

### Section 1. **Executive Officers:**

The executive officers of the corporation shall be a President, Secretary, and Vice-President and Treasurer; all of whom the Board shall elect annually from the Membership. Any or all officers may also be directors of the corporation.

### Section 2. **Subordinate Officers:**

The Board may appoint such other officers and agents from the membership as they may deem necessary, who shall have such authority and perform such duties as from time to time may be prescribed by said Board.

### Section 3. **Tenure of Officers: Removal:**

All officers shall be subject to removal, with or without cause, at any time by action of the Board. The Board may delegate powers of removal or subordinate officers and agents to any officer.

### Section 4. **The President:**

- (a) The President shall preside at all meetings of the members and directors; he shall have general and active management of the business of the corporation; he shall see that all orders and resolutions of the Board are carried into effect; he shall execute bonds, mortgages, deeds of trust and other contracts requiring a seal, under the seal of the corporation.
- (b) He shall have general superintendence and direction of all the other officers of the corporation, and shall see that their duties are performed properly.
- (c) He shall submit a report of the operations of the corporation for the fiscal year to the directors whenever called for by them, and to the members at the annual meeting, and from time to time shall report to the Board all matters within his knowledge, which the interest of the corporation may require to be brought to their notice.
- (d) He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervisions and management usually vested in the office of the President of a corporation.



Section 5. **The Secretary:**

- (a) He shall be custodian of the corporate records and of the seal of the corporation and shall see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized with the provisions of these By-Laws
- (b) In general, he shall perform all duties incidental to the office of Secretary and any other duties that may be assigned by the President or Board of Directors from time to time.

Section 6. **The Vice-President:** The Vice President shall be vested with all the powers and required to perform all the duties of the President in his absence, and the Board may require other duties as necessary.

Section 7. **The Treasurer:**

- (a) He shall keep full and accurate accounts or receipts and disbursements in books belonging to the Corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board.
- (b) He shall disburse the funds of the corporation as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation. Such records shall be open to inspection by members at reasonable times.
- (c) He shall keep a register of the post office address of each member, which shall be furnished to the Secretary by each member.
- (d) He shall maintain a register for the names of any mortgage holders or lien holders on units who have requested in writing that they be registered and to whom the corporation will give notice of default in case of non-payment of assessments. No responsibility of the corporation is assumed with respect to said register except that it will give notice of default of any owner in his obligations to the corporation to any registered mortgagee or lienor therein if so requested by said mortgagee or lienor.
- (e) With the approval of the Board, he shall be authorized to delegate all or part of his responsibilities, to competent accounting, collection or management personnel, pursuant to written definition of the responsibilities delegated to, and the condition or performance imposed upon, such personnel; but, in such event, the Treasurer shall retain supervisory responsibilities.

Section 8. **Vacancies:** If any corporate office becomes vacant by reason of death, resignation, disqualification, retirement, removal from office, or otherwise, a successor or successors, who shall hold office for the unexpired term, may be chosen by a majority vote of the remaining directors provided for in these By-Laws. If the number of directors falls below four (4), a special members' meeting shall be called for the purpose of filling such vacancies.

Section 9. **Resignations:** Any officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board of Directors, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

ARTICLE VIII  
NOTICES

Section 1. **Definition:** Whenever under the provisions of the statutes, the Declaration, the Certificate of Incorporation, or these By-Laws, notice is required to be given to any director or member, it shall not be construed to mean personal notice, but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a postpaid, sealed envelope, addressed as appears on the books of the corporation.

Section 2. **Service of Notice - Waiver:** Whenever any notice is required to be given under the provisions of the statutes, the Declaration, the Certificate of Incorporation, or 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 deemed the equivalent thereof.

Section 3. **Address:** The address for notice of the corporation shall be that of any Registered Agent for service to the corporation.

ARTICLE IX  
FINANCES

Section 1. **Fiscal Year:** The fiscal year shall be January 1 through December 31.

Section 2. **Determination of Assessments:**

- (a) The Board shall determine from time to time the sum or sums necessary and adequate for the common expense of the property. At the annual meeting of the corporation, such budget shall be submitted to the members for review. The budget shall constitute the basis for all regular assessments for common expenses against lot owners, which assessments shall be due and payable periodically as determined by the Board. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the common areas and facilities, costs of carrying out the powers and duties of the corporation, all insurance premiums and expenses relating thereto, and any other expenses designated as common expenses from time to time by the Board of Directors of the corporation.
- (b) The Board is specifically empowered on behalf of the corporation to make and collect assessments and to maintain, repair and replace the common areas and facilities of any properties. Funds for the payment of common expenses shall be assessed against the lot owners in the proportions or percentages of sharing common expenses provided in the Declaration. Assessments shall be payable periodically as determined by the Board.
- (c) Special assessments for common expenses not adequately funded through the regular assessments may be required by the Board and shall be levied and paid in the same manner as herein before provided for regular assessments. Notwithstanding anything in these By-Laws or the Declaration which authorize assessments and expenditures, no special assessment expenditure for the improvement of the common areas and facilities for all lots shall be made without the approval of two-thirds (2/3) of the membership.

- (d) Special assessments against any owner for any valid purpose authorized by the Declaration shall be levied at such times as is determined by the Board.
- (e) When the Board has determined the amount of any assessment, the Treasurer of the corporation (or the personnel to whom such authority has been delegated shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the corporation, and upon request, the Treasurer or his designated agent shall give a receipt for each payment made.
- (f) The Board may enter into a management contract with third parties to whom the Board may delegate the power to levy and collect assessments approved by the Board or required by the Declaration.
- (g) All assessments not paid when due shall bear a recurring monthly account maintenance fee to be determined by the Board.

Section 3. **Excess of Assessments:** In any year in which there is an excess of assessments received over amounts actually used or payable for the purposes described in these By-Laws and in the Declaration, such excess shall, unless otherwise determined by the Board of Directors of the Association, be deposited in a capital reserve account for use in replacement, repair or maintenance of the common areas and facilities of the Association.

Section 4. **Fidelity Bonds** -The Association shall have blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. Additionally, the fidelity bond coverage must at least equal the sum of three (3) months' assessments of Lots and Dwelling Units in the Property, plus the Association's reserve funds.

Section 5. **Checks:** Unless specified to the contrary by the bonding agent all checks or demands for money and notes of the corporation in an amount of One Thousand and No/100 (\$1,000.00) Dollars or less, shall be signed by one of the following officers: President, Vice President or Treasurer, or by such other officer or such other person or persons as the Board of Directors may from time to time designate. Amounts in excess of One Thousand and No/100 (\$1,000.00) Dollars shall require the signature of two (2) such persons.

Section 6. **Non-Profit Corporation:** The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Non-Profit." Said seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

## ARTICLE X DEFAULT

Section 1. **Enforcement of Lien for Assessments:** In the event an owner does not pay any sums, charges, or assessments required to be paid to the corporation by the due date, the corporation, acting on its behalf or through its Board, may enforce its lien for assessments, or take such other

action to recover the sums, charges of assessments to which it is entitled, in accordance with the Declaration and the statutes made and provided for both.

Section 2. **Governmental Liens and Assessments:** In the event that an owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the property is situated, by the date such tax or assessment is due, the Board may pay the same from the funds of the corporation and specifically assess such owner for the amount paid.

Section 3. **Foreclosure:** If the corporation because the owner of a lot by reason of foreclosure, it shall offer said lot for sale, and, at such time as a sale is consummated, it shall deduct from the proceeds of such sale, all sums of money due it for assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, funds necessary to discharge any lines or mortgage of record, and any and all expenses incurred in the resale of the lot, which shall include, but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the lot in question. All monies remaining after deducting the foregoing items of expenses, costs, and other deductions shall be returned to the former owner of subject lot.

Section 4. **Other Remedies:** In the event of violation of the provisions of the Declaration as the same are defined in the Declaration, for thirty (30) days after notice from the Association to the lot owners to correct said violation, the corporation, on its behalf or by and through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of said Declaration, or may sue for damages, or take such other courses of action, or other legal remedy it or they may deem appropriate.

Section 5. **Legal Costs:** In the event any legal action is brought against any owner and results in a judgment for the corporation, the owner shall pay the corporation's reasonable attorney's fees, costs of collection and court costs.

Section 6. **Intent:** Each owner, for himself, his heirs, successors and assigns, agrees to the forgoing provisions relating to default and abatement of nuisance, regardless of the availability of other equally adequate legal procedures. It is the intent of all owners of lots to give to the corporation a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from that owners of lots, and to preserve each lot owner's right to enjoy his lot, free from unreasonable restraint and nuisance.

#### ARTICLE XI COMMITTEES

Board of Directors shall choose members for the following committees; Architectural Review Board, Finance, Security, Grounds and Maintenance, Communications, and Hospitality.

- (a) **Finance:** The Finance Committee shall take the necessary action to develop a budget for the corporation, and seek various sources and methods of fund raising to supplement the annual dues assessment. The Finance Committee shall supervise the annual audit of the Association's books and present the annual budget and statement of income and expenditures to the

membership at its regular annual meeting. The Treasurer shall be an ex-officio member of the committee.

- (b) **Security:** The Security Committee shall take the necessary action with local police, members, and work in conjunction with King's Grant Neighborhood Watch program to enhance the crime prevention measures of all members and improve the safety and security of the neighborhood.
- (c) **Grounds and Maintenance:** The Grounds and Maintenance Committee shall be responsible for and advise the Board of Directors on all matters pertinent to the maintenance, repair or improvement of the Properties and shall perform such other functions as the Board in its discretion shall determine
- (d) **Communications:** The Communications Committee shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association. This committee shall be responsible for maintenance of the Association Web site.
- (f) **Hospitality:** The Hospitality Committee shall be responsible for welcoming new members and providing them with information about the community and the Association.
- (g) **Architectural Review Board:**
  - Purpose.** In order to preserve the natural beauty of Kings Grant and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property.
  - Objectives.** Architectural and Design review shall be directed toward attaining the following objectives for Kings Grant:
    - (a) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural land forms;
    - (b) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Residential Lots and Dwelling Units and with surrounding Residential Lots, Dwelling Units and structures and does not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape;
    - (c) Ensuring that the architectural design and structures and their materials and colors are visually harmonious with Kings Grant's overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetation, and with development plans officially approved by the Company, or any governmental or public authority, if any, for the areas in which the structures are proposed to be located;
    - (d) Ensuring the plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots, and blend harmoniously with the natural landscape;
    - (e) Ensuring that any development, structure, building or landscaping complies with the provisions of the Covenants.

Section 2 **Complaints** It shall be the duty of each committee to receive complaints from members on any matter involving the Association's functions, duties, and activities within its field of responsibility. It shall address such complaints or refer them to such other committee, director or officer of the Association, as it deems appropriate.

Section 3 **Authority** All functions of the committees herein appointed shall be submitted to the Board of Directors for final approval at an annual meeting

Section 4 **Term of Office** Each member of a committee shall be appointed for a term of two years or until the successor is appointed, unless sooner terminated or removed by the Board of Directors or members

Section 5 **Quorum**. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at which a quorum is present shall be the act of the committee

Section 6 **Rules**. Each committee may adopt rules for its own government not inconsistent with these by-laws or with the rules adopted by the Board of Directors, or the Declaration of Covenants.

## ARTICLE XII RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, a set of Rules and Regulations may be developed governing the use of the common area and the conduct of all owners, residents and guests. These Rules and Regulations shall not be inconsistent with these By-Laws or inconsistent with the Declaration, and shall be in effect until changed by the Board of Directors . The Board of Directors in accordance with Article IV, Section 4, of the By-Laws, may make any further modifications in the Rules and Regulations.

## ARTICLE XIII INDEMNIFICATION

The Corporation may indemnify any person made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of his being or having been a director or officer of the Corporation, against the reasonable expenses including attorney's fees actually and necessarily incurred by him in connection with the defense or Battlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such director or officer is adjudged to have been guilty of gross negligence of misconduct in the performance of his duty to the Corporation.

ARTICLE XIV  
AMENDMENT

Section 1. These By-Laws may only be altered, amended or added to at any regular or special meeting of the members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the quorum requirement for such purposes shall be a majority of all the then members, in person or by proxy; (3) that there be an affirmative vote of a majority of a quorum of members present in person or by proxy. Article III, Section 2 may not be amended without express approval of Declarant, as defined in the Declaration. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgagee, and no amendment shall become operative unless set forth in an amended Declaration and duly recorded. All lot owners shall be bound to abide by any amendment upon the same being passed and duly set forth in an amended Declaration, duly recorded in the Office of the Register of Deeds for Cumberland County, North Carolina.

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

ARTICLE XV  
CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

The foregoing was adopted as the By-Laws of KING'S GRANT HOMEOWNERS ASSOCIATION, INC. at the meeting of its Board of Directors held on the 12th of December 2006.