

BY-LAWS  
OF  
MIXON CREEK HOMEOWNERS ASSOCIATION, INC.

ARTICLE I: ASSOCIATION MEMBERS: MEETINGS

Section 1. Members and Voting Rights. Each owner of a numbered subdivision lot described in the Restrictive Covenants Mixon Creek Subdivision, as recorded in Book 881, Page 354, Beaufort County Registry (the "Covenants"), shall be a member of the Association. The membership of the Association shall consist of all of the owners of such numbered lots. Each owner shall be entitled to one vote for each lot (hereinafter referred to as the "Lot") owned by him, but there shall be only one vote allowed per Lot. There shall be one person with respect to each Lot who shall be entitled to vote at any meeting of the Association. Such person shall be known as the "voting member." The voting member shall be selected by agreement of the owners of the affected Lot, or by the Association if no agreement is reached among the owners of the individual Lot.

Section 2. Transfer of Membership. The Association shall not issue stock. Membership in the Association may be transferred only as an incident to the transfer of title to a Lot as and in the manner provided for by the Covenants and these By-Laws, and, upon compliance with all of the terms thereof, transfer of membership shall become effective if made in accordance with the foregoing, upon the recordation of a deed of conveyance to the said Lot, or upon the passing of legal ownership if transfer of ownership is accomplished other than by deed of conveyance.

Section 3. Annual Meeting. The first annual meeting of the Lot owners shall be held on the 29th day of June, 1991. An annual meeting shall be held each year thereafter, on a date established by the Board of Directors. Should no contrary date be established, and notification given, the annual meeting shall be on the last Saturday of the month of June of each year. The location of the meeting shall be at a designated location on the subdivision property unless the Association shall specify a different location in writing to the Lot owners. Voting by proxy shall be allowed. A quorum for any Association member meeting, regular or special, shall be twenty-five percent (25%) of the Lots whether the same shall be present in person or by proxy.

Section 4. Special meeting. A special meeting of the Lot owners may be called at any time by the President or by



a majority of the Board of Directors, and shall be held at such place as is designated by the President or a majority of the Board of Directors, and stated in a written notice. No Special meeting shall be called unless the Secretary of the Association shall have mailed to or served upon all of the Lot owners written notice of the said meeting at least twenty (20) days prior to the date of the meeting. All notices shall be mailed to or served at the address of each Lot owner as it appears on the books of the Association.

## ARTICLE II - DIRECTORS

Section 1. Directors. The initial number of Directors of the Association shall be six (6), who need not be members of the Association

Section 2. Selection. The directors named in the charter of this Association shall serve until the first annual meeting of the Association.

Beginning with the first annual meeting of the association, all directors, shall be selected by vote of all Lot owners. Prior to the first annual meeting, Declarant, acting as a nominating committee, shall nominate an equal number of candidates as there are directors to be elected; each year thereafter, a nominating committee selected by the Board of Directors of the Association shall nominate an equal number of directors as there are directors to be elected. A list of nominees of the nomination committee shall be circulated to the owners with the notice of annual meeting. Each such nominee must have consented to stand for election. Additional nominations from the floor will be accepted prior to the election; however, no nomination from the floor will be accepted unless the nominee is in attendance personally at the meeting, or has given in advance of the meeting written agreement to serve if elected.

At the first annual meeting, the members shall elect two (2) directors for a term of one (1) year, two (2) directors for a term of two (2) years, and two (2) directors for a term of three (3) years; and at each annual meeting thereafter, the members shall elect two (2) directors for a term of three (3) years. Directors may be re-elected.

Section 3. Removal and Vacancies. Directors elected at an annual meeting may be removed at any time upon affirmative vote of a majority of the Lots entitled to vote, with or without cause. In the event of any removal, resignation or vacancy in any of the offices, the remaining members of the Board of Directors shall elect a person to serve as a successor



to the removed, resigned or vacant office, who shall hold office for the balance of the unexpired term, and shall succeed to a membership in the Board of Directors for the same term. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors, and such election shall be subject to the requirements of Section 2 above.

Section 4. Annual Meetings. The annual meeting of the Board of Directors shall be held at such place as may be agreed upon by the Board of Directors, and shall be held immediately following the adjournment of the annual meeting of the Lot owners. The Board of Directors may establish a schedule of regular meetings to be held at such place as the Board of Directors may designate, in which event no notice shall be required to be sent to the said Board of Directors of said regular meetings once said schedule has been adopted.

Section 5. Special Meetings. Special Meetings of the Board of Directors may be called by the President, and in his absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving three (3) days notice, in writing or by telephone call, to all of the members of the Board of Directors of the time and place of said meeting, said notice to be served on each member of the Board of Directors by the Secretary of the Association. By unanimous consent of the Board of Directors, a special meeting of the Board of Directors may be held without notice at any time or place. All notices of special meetings shall state the purpose of the meeting.

Section 6. Quorum. A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the members of the Board. A majority of those present at any annual, regular or special meeting shall have the power to adjourn the meeting to a future time, provided that written notice of the new time, date and place shall be mailed to or personally served on each member of the Board of Directors by the Secretary of the Association at least three (3) days prior to the time fixed for said meeting.

Section 7. Compensation. The officers and directors of the Association shall serve without compensation solely for holding such office.

### ARTICLE III. OFFICERS: POWERS AND DUTIES

Section 1. The President. He shall be the Chief Executive Officer of the Association; he shall preside at all



meetings of the Lot owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts of the Association and shall perform and have the powers necessary to perform all of the duties incident to this office and that may be delegated to him from time to time by the Board of Directors.

Section 2. The Vice-President. He shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Directors.

Section 3. The Secretary-Treasurer.

(a) He shall issue notices of all Board of Directors meetings and all meetings of the Lot owners; he shall attend and keep the minutes of the same; he shall have charge of all of the Association's books, records and papers.

(b) He shall have the custody of the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and he shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated from time to time by the Board of Directors.

(c) He shall disburse the funds of the Association as may be ordered by the Board in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meeting of the Board of Directors, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association.

(d) He shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(e) He shall also give status reports to potential transferees, on which reports the transferees may rely. The liability of the Lot owners shall continue until the transfers have been approved, and all such transferees shall be deemed liable for past due assessments (other than institutional mortgagees or purchasers at institutional mortgage foreclosure sales).

Section 4. The Secretary-Treasurer. The office of the Secretary-Treasurer may be divided between two individuals, one Secretary and one Treasurer.

Section 5. Manager. If the Association elects to hire a manager, any or all of the duties set out herein may be



transferred to such manager, upon proper supervision and safeguards by the officers. These duties may only be transferred with the authorization and approval of the Board of Directors. However, the Association may not delegate to the manager the authority to borrow money or to sign conveyances.

Section 6. Bond. All officers or other employees who are authorized to sign checks may be bonded in an amount equal to the total anticipated assessment for a full year, and such bond shall be a common expense of the Association.

Section 7. Selection of officers. The officers shall be selected by the Board of Directors at the annual meeting of the directors, and may or may not be from the ranks of the directors. Each officer shall serve at the pleasure of the Board of Directors.

Section 8. Qualification of Officers. An officer need not be a Lot owner. At least two of the officers shall be Lot owners, except that Declarant or any named representative of Declarant may be an officer without being a Lot owner. No Lot owner shall be eligible for election as an officer if he is more than 15 days delinquent in the payment of any assessment. A transfer of title of his Lot by an officer who is a Lot owner shall automatically operate as his resignation as an officer.

Section 9. Committees. The officers may establish any committees, standing or otherwise, consisting of either Lot owners or non-Lot owners, charged with those particular areas of responsibility deemed appropriate by the officers. No standing committee may be created without the approval of the directors.

#### ARTICLE IV. POWERS OF THE ASSOCIATION

The Association, acting through the Board of Directors, shall have the following powers:

Section 1. Covenants. All of the powers specifically set forth in the Covenants and all of the powers incidental thereto.

Section 2. By-Laws. All of the powers specifically set forth in these By-Laws and all of the powers incidental thereto.

Section 3. Miscellaneous Powers.

(a) to use and expend the assessments collected to carry out the purposes and powers of the Association.



(b) to employ attorneys, accountants and other professionals as the need arises.

(c) to employ and terminate the employment of workmen, janitors, gardeners, managers and such other agents and employees to carry out the powers of the Association, and to purchase supplies and equipment therefor.

#### ARTICLE V. FINANCE AND ASSESSMENTS.

Section 1. Depository. The funds of the Association shall be deposited in a bank designated by the Board of Directors, in an account for the Association under resolutions approved by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by any designated officer(s) or agents of the Association. All notes of the Association shall be signed by any two of the officers of the Association.

Section 2. Fiscal year. The Fiscal year for the Association shall begin on the first day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America at such time as the Board of Directors deems it advisable.

#### Section 3. Determination of Assessments.

(a) The Board of Directors of the Association subject always to the terms and provisions of the Covenants recorded in Book 881, Page 354, Beaufort County Registry, shall fix and determine from time to time the sum or sums necessary and adequate for the common expenses of the Association. 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 Association, all insurance premiums and expenses relating thereto, taxes until separately assessed, and any other expenses designated as common expense from time to time by the Board of Directors of the Association.

The Board of Directors is specifically empowered, on behalf of the Association, to make and collect assessments, and to lease, maintain, repair, and replace the common elements of the Association. Said assessments shall be payable monthly or quarterly, in advance, as ordered by the Board of Directors.

Special assessments, should they be required by the Board of Directors and subject always to the terms and provision of the Covenants recorded in Book 881, Page 354, Beaufort County Registry, shall be levied and paid in the same manner as hereinbefore provided for regular assessments. The provisions



of Article XIII, Section 2, Assessments of the Covenants are hereby incorporated by reference, and all assessments shall be charged in proportion, and in accordance with the procedures, set out herein.

(b) When the Board of Directors has determined the amount of any special assessment, the Secretary-Treasurer of the Association shall mail or present a statement of the assessment to each of the Lot owners or, in the case of Limited Special Assessments, to each of the Lot owners affected or benefited thereby. All assessments shall be payable to the Secretary-Treasurer of the Association and upon request, the Secretary-Treasurer shall give a receipt for each payment made to him.

(c) The Board of Directors, in preparing its annual budget, is expressly directed to establish a capital improvement and repair fund for utilization by the Association in the maintenance, improvement, and repair of the common properties or properties it maintains. It is expressly understood that special assessments can be made by the Board of Directors for capital improvements or repairs, said special assessments to be in addition, if necessary, to the capital improvement fund set out herein.

(d) The Board of Directors shall provide a copy of the annual budget of the Association to each Lot owner no later than the end of the first month of each fiscal year of the Association. No owner approval of said budget shall be required.

Section 4. Delinquent Assessments. In the event an assessment is not paid within thirty (30) days of the date it is due and payable, the Association, through its Board of Directors, may proceed to enforce and collect the said assessment, plus interest at the rate of 15% per annum against the Lot owner owning the same in any manner allowed by North Carolina Law, or as allowed by the Covenants or these By-Laws.

Section 5. Collection and Enforcement. In connection with any assessment, the Association shall have all of the powers, rights, privileges and legal remedies provided for by the Covenants and North Carolina law concerning collection and enforcement. Further, in this connection, each Lot owner shall be liable for his assessment in the same manner provided for by the Covenants, and shall likewise be responsible for reasonable attorney's fees, interest and cost incurred by the Association incident to the collection of such assessment or enforcement of any lien held by the Association for unpaid assessments.

Section 6. Foreclosure. Where the mortgagee of a first mortgage of record or other purchaser of a Lot obtains title to a Lot as a result of foreclosure of a first mortgage



(or deed in lieu of foreclosure) such purchaser, including his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid share shall be deemed to be common expenses collectible from all of the Lot owners, including such purchaser, his successors and assigns.

#### ARTICLE VI. VIOLATIONS.

In the event of a violation (other than the nonpayment of an assessment) by a Lot owner of any of the provisions of the Covenants, these By-Laws or any other rules of the Association, the Association, by direction of its Board of Directors, may notify the Lot owner of such by written notice, sent registered or certified mail, return receipt requested, and if such violation shall continue for a period of ten (10) days from the date of such notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Covenants, the By-Laws, or the rules of the Association, as the case may be, and the Association may then, at its option, have the following elections: (i) an action at law to recover for damages on behalf of the Association or on behalf of the other Lot owners; (ii) an action in equity to enforce performance on the part of the Lot owner; or (iii) an action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief. Failure on the part of the Association to maintain such an action at law or in equity within 45 days from date of a written request, signed by a Lot owner, sent to the Board of Directors, shall authorize any Lot owner to bring an action in equity or suit at law on account of the violation, in the manner provided for by North Carolina law. Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter.

#### ARTICLE VII. NOTICE.

Except as otherwise provided herein, whenever notices are required to be sent hereunder, the same shall be sent to the unit owners by the U. S. Mail, at their place of residence as listed with the Association. All notices to the Association shall be sent to the mailing address designated by the Board of Directors as their address for notices. All notices shall be deemed and considered sent when mailed. Any party may reserve the right to change the place of notice to him or it by written notice, in accordance with the terms and provisions of this Article. Each Lot owner shall keep on record with the Association a current mailing address and shall notify the Association of any changes therein.



#### ARTICLE VIII. AMENDMENTS TO BY-LAWS.

These By-Laws may be amended in the same manner as the Covenants may be amended, and with the same restrictions on amendment thereon.

#### ARTICLE IX. ADMINISTRATION.

Notwithstanding anything contained in these By-Laws to the contrary, Declarant as defined in the Covenants or its assigns shall be responsible for the administration of the Association until such time as the first annual meeting of the members of the Association. Declarant shall designate the date, and give notice, of the first annual meeting of the Association, if such first annual meeting is to be held at a time other than as set out in Article I, Section 3, of these By-Laws.

#### ARTICLE X. RULES.

Section 1. Nothing contained within these By-Laws or the rules established hereunder shall prohibit rental by the owner of a residential dwelling constructed on any Lot. However, it is understood that in order to maintain the value of the Lots conveyed, and to preserve the enjoyment of the property for owners and renters alike, certain guidelines can be established by the Association for the handling of renters, and for the protection of the Association and its members. These rental guidelines shall be included within the rules of the Association, and shall have the same force and effect as other rules. It is expressly authorized (but not required) for the Association to adopt rules as to the following:

- (a) prohibiting rentals for a period of time less than one week;
- (b) limiting the number of occupants of any rental unit;
- (c) prohibiting pets in any rental unit; and
- (d) establishment of a procedure for screening renters within reasonable criteria to select renters of appropriate conduct and decorum.

Section 2. The owner of any Lot shall be responsible for the conduct for all guests and renters. Each owner, by purchasing his Lot, agrees to give to the Association the right to evict any tenant whose conduct is found detrimental



to the Association and its member, in whole or in part. Such eviction shall only be taken after notification to the owner, and the owner shall, upon being given such notification, commence eviction proceedings himself within one week of receiving the notice requesting the same from the Association. The Association may then, acting in its own behalf or for the owner, after failure of the owner to act within this seven day period, commence eviction proceedings. The expenses of said proceeding shall be chargeable as an assessment to the owner of the Lot, and such assessment may be collected as a delinquent assessment under Article V unless paid within thirty days of billing.

Section 3. The Association acting by its Board of Directors may adopt additional rules relating to utilization of any Lots or any common property (including any street), all as more specified in the Covenants. All rules adopted shall be enforceable as though said rule were specifically delineated within these By-Laws or the Covenants.

APPROVED AND DECLARED AS BY-LAWS OF  
MIXON CREEK HOMEOWNERS ASSOCIATION, INC.

Stanley E. Frago (SEAL)  
SECRETARY