

BYLAWS
OF
GRACE RIDGE HOMEOWNERS ASSOCIATION, INC

ARTICLE I

The name of the Association is Grace Ridge Homeowners Association, Inc., hereinafter referred to as the “Association”. The initial principle office of the Association shall be located at 2815 Grace Church Road, Salisbury, Rowan County, North Carolina 28147, but meetings of the Members and Directors may be held at such places within the State of North Carolina, County of Rowan, as may be designated by the Board of Directors.

The Grace Ridge Homeowners Association’s primary function is to protect property values for the homeowners by maintaining the common elements, which requires the collection of assessments from owners, and enforcing the community's restrictive covenants.

ARTICLE II

DEFINITIONS

Section 1. “Association” shall mean and refer to Grace Ridge Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. “Common Area” shall mean all real property now or hereafter owned by the Association for the common use and enjoyment of the Owners shown on any plat of the Property duly recorded in the Rowan County Public Registry and made subject to the provisions of the Restated Declaration.

Section 3. “Declaration” shall mean and refer to the Amended, Supplemented and Restated Declaration of Covenants, Conditions and Restrictions for Grace Ridge, applicable to the Property recorded in the Office of the Register of Deeds for Rowan County, North Carolina.

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Section 4. “Unit/Lot” as used herein shall mean the separately numbered parcels depicted on the maps referred to in the Restated Declaration. Provided, however, that the Owner of all of a numbered parcel on said maps may combine with such numbered parcel, another numbered parcel or parcels and the aggregate shall be considered as one “Unit/Lot” for the purposes of the stated Declaration.

Section 5. “Member” or “Members” shall mean and refer to an Owner or Owners of Lots, and each and every person or entity holding Membership in the Association.

Section 6. “Property” shall mean and refer to the “Existing Property” described in Article III, Section 1 of the Restated Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. Annual meeting will be held in the month of March of each year. Robert’s Rules of Order (RONR (10th ed.)) will be used to conduct all Grace Ridge HOA meetings. When members are present at a meeting, the Board will be seated behind a table, facing the Members.

Section 2. Special Meetings. Special meetings of the Members may be called at anytime by the President or by the Board of Directors, or upon written request of at least one-tenth (1/10th) of all of Members of the Association who are entitled to vote. See Article VII, Section 1(b). Robert’s Rules of Order (RONR (10th ed.)) will be used to conduct all Grace Ridge HOA meetings. When members are present at a meeting, the Board will be seated behind a table, facing the Members.

Section 3. Notice of Annual and Special Meetings. Written notice of each Annual and Special Meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meetings, by mailing a copy of such notice, postage prepaid, not less than fifteen (15) days nor more than fifty (50) days before the date of such meeting to each paying unit in the subdivison, addressed to the address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. One vote per paying unit is the accepted rule. 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.

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Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the votes of the Membership of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Restated 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 from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented by proxy.

Section 5. Proxies. Proxy shall mean a vote by a Member who is unable to attend a meeting. 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 prior to the beginning of the Annual Homeowners Association meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her lot.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The business and affairs of this Association shall be governed by a Board of Directors, who must be members of the Association as stated in Article II, Section 5, and must be currently residing in the subdivision. Board members shall not be in violation of any covenants or restrictions and must be up-to-date with their assessment payments. The affairs of this Association shall be governed by a Board of not less than three (3) nor more than nine (9) Property Owners.

Section 2. Term of Office. The terms of the elected officers of the Grace Ridge Home Owners Association shall be staggered, if possible. The President and Vice-President will serve for two (2) years. The Treasurer and Secretary may serve longer than two (2) years in the same position. Successive terms shall be two (2) years, and shall be staggered if possible. If the President and Vice-President choose to remain on the Board longer than two (2) years, they will service in a different position. Directors shall serve his/her term until his/her death, resignation, retirement, removal, disqualification, his/her successor is elected or he/she no longer resides in Grace Ridge. Said terms shall begin at the elected Director's installation at the first meeting of the Board of Directors following election. Said term shall expire immediately following the installation of the newly elected Directors and the election of officer.

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Section 3. Removal. Any Director may be removed from the Board of Directors, 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, a successor shall be appointed by a majority vote of the remaining Members of the Board of Directors and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of official duties. Receipt and purpose of business must be supplied to the Treasurer for reimbursement.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for the election to the Board of Directors can be made by the existing Board of Directors and can also be made by the Members from the floor at the Board Meeting preceding the Annual Meeting for the purpose of preparing ballots. In the event nominations are insufficient in number, nominations may be taken at the Annual Meeting.

Section 2. Election. Directors shall be elected at the Annual Meeting by the Members by written ballot (one ballot per unit). 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 Restated Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly with notice to the Board of Directors and Members, at such place and hour as may be fixed from time to time by resolution of the Board of Directors. Notice of such meetings shall be made by placing sign at each and every entrance to Grace Ridge at a minimum of three (3) days in advance of said meeting and be placed on the Grace Ridge Association HOA website at a minimum of three (3) days in advance of said meeting. The Board of Directors shall not conduct new business through email or closed session. All virtual meetings shall be open to all residents. Robert's Rules of Order will be used to conduct all Grace Ridge HOA meetings. When members are present at a meeting, the Board will be seated behind a table, facing the Members.

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Section 2. First Order of Business. The first Order of Business at the first monthly meeting of the Board of Directors following the Annual Meeting shall be to elect officers whose terms have expired or terminated.

Section 3. Special Meetings. Special meeting of the Board of Directors shall be held when called by the President or by any three (3) Directors after not less than forty-eight (48) hours notice to each Director.

Section 4. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act done or decision 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 of Directors. In the event there is less than five (5) Directors on the Board, a quorum constitutes every Director being present.

Section 5. Voting Rights. The view of the Members attending the monthly Board meetings should be polled on all issues before the Board and the Board should consider the vote of the majority when making a final decision.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) Adopt and publish rules and regulations governing the use of the Common Areas and Recreation 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 Common Areas and Recreational Facilities of a member during any period in which such Member shall be in default in payment of any assessment levied by the Association. The right to use the common areas and recreational facilities when assessment payments are in arrears will be restored ONLY when the payment of assessments are brought up-to-date. Such rights of use of the common areas and recreational facilities may also be suspended for violation of the published Restrictions and Covenants after notice and opportunity to be heard, for a period not to exceed sixty (60) days or until the violation has been corrected, whichever occurs first;

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(c) 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 without prior notice to any Member of the Board of Directors; and

(d) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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 one-tenth (1/10th) of Members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed as described in their agreed, written and board approved, contract which will include all required certificates of certification, licenses and insurance, plus all other required documents. Contracts for independent contractor employees will be reviewed by each Board elected at the Annual Meeting. It will be the new Board's responsibility to issue contracts as they come up for renewal.

(c) As more fully provided in the Restated Declaration to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every Owner subject thereto at least (15) days in advance of each annual assessment period; and

(3) When an account becomes delinquent of more than \$300, a letter will be sent to the owner notifying him/her of the past due amount including any late fees and appropriate interest due. This letter will inform the past due owner that if full payment is not made within 15 days of the date of the notice, the collection of the account will be turned over to the Association's attorney. If full payment, including the legal fees, is not made, the Association will bring legal action against the homeowner including placing a lien against the property and subsequent foreclosure on the property. All interest, costs, and reasonable attorney fees of any such action will be added to the fees and/or assessment.

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(d) Issue, or to cause an appropriate officer to issue, upon demand by any Member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment or charge has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability, hazard, and Directors and Officers insurance;

(f) Cause all appropriate officers or employees who have fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Cause the Common Area and Recreational Facilities to be maintained. Cause the pool to be opened no sooner than May 1 and to close no later than October 1st

(h) Enforce Restrictions and Covenants utilizing two methods: (1) through monthly inspections conducted in each section of the subdivision; and (2) acceptance of a complaint by a homeowner who has filled out a form for such purpose. In each case, the Board, acting as a whole, will assume the role as complainant, keeping the name of the person submitting the complaint form confidential. After each inspection and/or receipt of complaint form, with the Board acting as a whole, if it is deemed there is a violation, the Board will contact the violating member through the US mail, stating the nature of the violation, the remedy sought, the length of time for such remedy to be carried out and the consequences of not doing so. The violating member may request a meeting with the Board. Any such meeting must be with a quorum of the Board. See Article VI section 2

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ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration: The officers of this Association shall be a President, Vice President, Secretary, and Treasurer, who shall at all times be members of the Board of Directors; and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers: The election of officers shall take place at the first monthly meeting of the Board of Directors following the annual meeting. The election of officers shall be by majority vote of the Board of Directors only at said meeting.

Section 3. Term: The term of all officers of the Association shall be for two (2) years or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4. Special Appointments: The Board of Directors 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 of Directors may, from time to time, determine, except the right or authority to vote at any meeting of the Board of Directors.

Section 5. Resignation and Removal: Any officer may be removed from office with or without cause by the Board of Directors upon a two-thirds vote of Board members. Any officer may resign at any time by the giving of written notice to the Board of Directors, 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.

Section 6. Vacancies: A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

Section 7. Multiple Offices: No person shall simultaneously hold more than one (1) office except in the case of special offices created pursuant to Sections 4 and 5 of this Article.

Section 8. Duties: The duties of the officers are as follows:

(a) **President.** The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association. The President shall preside at all meeting of the Board of Directors; shall see

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that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks in aggregate for a single expense over \$300.00, and promissory notes, and ensure the enforcement of the restrictive covenants. If an item is not part of the approved budget, it shall be submitted to the Board for approval and must be signed by the President and Secretary.

(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 of Directors.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members, including a record in the minutes of the votes of each individual Board Member for each vote taken; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and the Members; keep appropriate current records showing the Members of the Association together with their addresses, and distribute a list to a member who requests such information; and shall perform such other duties as required by the Board of Directors. A collection and catalog of all minutes to date shall be kept and made readily accessible to all residents on the Grace Ridge HOA website in a timely manner.

(d) **Treasurer.** 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 account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; assist in the preparation of the annual budget; and prepare a statement of income and expenditures to be presented to the Membership at its regular annual meeting and deliver a copy of each to the Members.

(e) **Board of Directors.** The Board, with the assistance of the Treasurer, shall prepare an annual proposed budget to be presented to members at a regularly scheduled Board Meeting prior to the Annual Meeting for their approval.

ARTICLE IX

BOOKS AND RECORDS

Section 1. Membership Books. Grace Ridge records and papers of the Association (the Restated Declaration of Covenants, Conditions and Restrictions, Articles of Incorporation, minutes, and the Bylaws of the Association) shall be available for inspection on the Grace Ridge

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HOA website and can be printed by any member. The paper documents of the Association (Treasurer reports, contracts, paper copies of the minutes) shall be retained for five (5) years, after which times they shall be transferred and stored on a permanent disk and/or CD for permanent keeping. Once recorded and permanently stored, the books, record and papers may then be destroyed.

Section 2. Board Member Book. A book shall be set up and maintained so information therein is current by the Board, for their use only, that outlines how the Board operates and actions taken by the Board. This book will not be available to Members of the Association or to past Board members. This book is necessary so that if a currently serving Board member resigns, is involved in an accident, or dies, the remaining Board members can continue to function in a seamless manner. Book must include: passwords; instructions on how to turn keys off and on, and a list of keys that have been turned off, with reason for such action; independent contractor names, phone numbers, and salaries paid; amounts of fines for restriction infractions so that they are consistent throughout the history of the Association; and the names of members in arrears and action taken to remedy the situation.

Section 3. Board Member Website Access. All Board Members will have password access to the Grace Ridge Home Owners Association website as well as any other passwords required to perform the duties of the Board; i.e. key activation/deactivation and status of member's assessment payments.

ARTICLE X

ASSESSMENTS

As more fully provided in the Restated Declaration of Covenants, Conditions, and Restrictions for Grace Ridge, each Member is obligated to pay to the Association's 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 ten (10%) percent per annum plus such late charges 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; and interest, costs, late charges 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 Area or abandonment of his Lot.

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ARTICLE XI

CORPORATE SEAL

The Association shall have a corporate seal in circular form having within its circumference the words: **GRACE RIDGE HOMEOWNERS ASSOCIATION, INC., NORTH CAROLINA,.**

ARTICLE XII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority or a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Article of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Restated Declaration of Covenants, Conditions and Restrictions and these Bylaws, the Restated Declaration shall control.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December.

IN WITNESS WHEREOF, the undersigned have hereunto set our hands this ___ day of ___, 2013.

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WITNESS:

George Krause

Stephanie Murray

Jason Wilson

Scott Endicott

Carla Endicott

I certify that the foregoing is a true and correct copy of the by-laws of the above-named Grade Ridge Homeowners Association duly adopted

President

Secretary

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