

BY-LAWS
SEVEN LAKES WEST LANDOWNERS ASSOCIATION, INC.
(updated 1/10/2009)

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the corporation is SEVEN LAKES WEST LANDOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. Location. The principal office of the corporation shall be located at 5314 Seven Lakes West, West End, Moore County, North Carolina, 27376, or such other place as shall be designated by the Board of Directors. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE II

DEFINITIONS

Section 1. Definitions.

Association shall mean and refer to the Seven Lakes West Landowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns. For the purposes of these restrictions, Seven Lakes West Landowners Association shall replace West Side Landowners Association, Inc. and Seven Lakes Landowners Association, Inc., and shall have all rights, duties, and obligations assigned to said association by the Declaration of Restrictive Covenants filed in Deed Book 449, Page 662.

Board shall mean the Board of Directors of the Association.

Common Facilities shall mean all real property together with all personal property used in connection therewith now or hereafter owned or leased by the Association for the common use and enjoyment of the Owners, including without limitations, streets, roads, dams, lakes, clubhouses, recreation areas, parks, nature trails, and swimming pools.

Declaration shall mean the Declaration of Restrictive Covenants filed in Deed Book 449, Page 662 of the Moore County, North Carolina Registry of Deeds and any amendments thereto, as modified by this Amendment.

Developer shall mean Seven Lakes Development Company, successor in title to Longleaf, Inc., a North Carolina corporation, and any persons or entities succeeding to its respective rights and obligations under the Declaration.

Lot shall mean and refer to any numbered plated lot of land with delineated boundary lines appearing on any recorded subdivision map of Seven Lakes West or any parcel subject to this Declaration as additional property owned by the Developer and submitted to the scheme of this Declaration.

Member shall mean and refer to every person who holds membership in the Association.

Owner shall refer to the record owner (whether one or more persons) who owns a fee simple title to any Lot which is part of Seven Lakes West (or any future additions thereto), but excluding any owner who has an interest merely as security for the performance of an obligation. Developer is not an Owner.

Property or Properties shall refer to the property shown on the plats listed on Exhibit 1 attached hereto and incorporated by reference and shall include any additional property owned by the Developer and subjected to the Restrictive Covenants.

ARTICLE III **MEETING OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of filing of the Declaration, and each subsequent regular annual meeting of the Members shall be held on the third Sunday of March each year commencing March 1989, at the hour of 2:00 o'clock, p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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 one-tenth (1/10) of all the votes of the membership.

Section 3. Place of Meetings. 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 notice, first-class postage prepaid, not less than 30 days nor more than 60 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. (It shall be the policy of the Board to send notice of the Annual Meeting and the proposed budget for the following fiscal year, to the Members by the first day of February). 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. A waiver in writing of the notice required herein signed by a member shall be equivalent to the giving of such notice for said meeting.

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 appurtenant to each class of Lots shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. If, however, such quorum shall not be present or represented by any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without

notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Membership and Voting Rights.

A. Each Owner of a Lot or Lots shall be a member of the Association and shall be entitled to vote at all Association meetings according to the Charter and By-laws of the Association and this Amendment. The Developer is not a member of the Association and shall not be entitled to vote. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment under this Amendment.

B. Each lot shall entitle the owner(s) of said tract to one (1) vote in the Association. Owners who own more than one (1) lot shall have one (1) vote for each lot owned on which all dues have been paid. When more than one person owns an interest (other than a leasehold or security interest) in any lot, all such persons shall be members and the voting rights appurtenant to said lot shall be exercised as they among themselves determine, but in no event shall there be more than one vote with respect to any one lot.

C. Membership may be extended by the Board to a group of residents known as Beacon Ridge, Pinnacles, Morganwood or other contiguous sub-division(s) within the limits of the "gated Community", upon mutual agreement of a dues structure consistent with, or achieving parity with, then current SLWLA dues. Upon approval of the Board, these members shall have all of the rights, privileges and responsibilities of membership as defined by these By-Laws and the Rules and Regulations of the Community. Each Group may have their own recorded and enforceable covenants or be subject to the Association Covenants.

D. The voting privileges of any Member, whose dues are in arrears in excess of 60 days (excepting those making approved, scheduled payments), and until such time as those dues are made current or payment arrangements are approved, shall be suspended.

Section 7. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Section 8. 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 9. 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 initial Board of Directors shall consist of nine (9) directors. After the first annual meeting, the business and affairs of the Association shall be managed by a Board of nine (9) directors. The Association anticipates that a meeting of the members will be convened on March 16, 2003 for the election of its Board of Directors (the "Election Meeting"). From the Effective Date (as defined in the Agreement and Plan of Merger dated May 22, 2002 between the Beacon Ridge Landowners Association, Inc. and the Association) through the date on which the Board of Directors elected at the Election Meeting is seated, a Beacon Ridge Lot Owner (as defined in the Agreement and Plan of Merger dated May 22, 2002 between the Beacon Ridge Landowners Association, Inc. and the Association) shall serve as the tenth (10th) member of the Board of Directors of the Association (hereinafter the "Designated Beacon Ridge Director"), and Ray MacKay is hereby appointed as the Designated Beacon Ridge Director. After the Board of Directors of the Association elected at the Election Meeting is seated, the Board of Directors of the Association shall revert to nine (9) members; provided, however, if a Beacon Ridge Lot Owner is not elected to the Board of Directors of the Association at the Election Meeting, the Designated Beacon Ridge Director shall sit on the Board of Directors of the Association as a non-voting member thereof until the election to the Board of Directors of the Association of a Lot Owner who was a Beacon Ridge Lot Owner. If the Designated Beacon Ridge Director should die, resign or be unable to fulfill his duties, a majority of the members of the Board of Directors of the Association shall appoint a Beacon Ridge Lot Owner as a successor thereto.

Section 2. _Term of Office. At the first annual meeting, and at each annual meeting thereafter, the Members shall elect three (3) directors to serve for a term of three (3) years; however, at the first annual meeting, the Members shall elect three (3) directors for a term of one (1) year, three (3) directors for a term of two (2) years, and three (3) directors for a term of three (3) years. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. After two consecutive three year terms, a Board member may not be re-elected until one year has passed.

Section 3. _Nomination. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Individual nominations also may be made by petition. Each petition for a candidate must be signed by 3% of members entitled to vote (Article III, Section 6) and presented to the Secretary of the Board of Directors at least sixty (60) days prior to the annual meeting date. If said petition is determined to be valid by the Board, the name of the candidate on the each petition

will be added to those submitted by the Nominating Committee and included on the ballot and proxy sent to each member with notice of the annual meeting.

Section 3.1 Nominating Committee 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 who are not Board members. The Nominating Committee shall be approved 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.

Section 3.2 Nominating Committee Responsibility The Nominating Committee shall recommend a slate of candidates for the Board of Directors. The slate shall contain at least one candidate for each vacant position. Such nominations shall be made from members in good standing and shall be submitted to the Board for approval at least ninety (90) days prior to the annual meeting, or by the December Board Meeting, whichever is sooner. A majority vote of all Directors is required to place each candidate on the ballot.

Section 4. Election. Except as provided in Section 5 of this Article, Directors shall be elected at the annual meeting of the Members by secret written ballot. At such election, the Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons 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 successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his 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 duties.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. 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. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than twenty-four hours 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; provided, however, that, if the Directors, in their discretion, deem the matter to be one of significant interest to the membership, (a) the membership shall be afforded an opportunity to comment thereon at two duly held meetings of the Board prior to the final approval of the matter by the Directors and (b) the matter shall likewise require the approval of the Directors at two duly held meetings thereof; further provided, however, that the Directors shall be entitled to waive the requirements of subsection (a) and (b), above, in the event of a bona fide emergency (as determined by the affirmative vote of at least two-thirds of all incumbent Directors). Finally, except in the event of a bona fide emergency, as aforesaid, if the Board deems a matter to be one of a significant interest to the membership, the Board shall provide the membership with notice of the matter and an opportunity to be heard at two ensuing work sessions, as follows: by giving notice of the hearing at least ten (10) days before each respective work session on the community's official web site:(<http://www.sevenlakeswest.org>) and also by prominent posting on the community's mail room doors on Lakeway Drive.

Section 4. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action. A 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. Chairman. A Chairman of the Board of Directors shall preside over all Board meetings until the President, of the Association, is elected by the Directors. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors and serve until a new President is elected.

Section 6. 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 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 By-laws. 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 power to:

- (a) Adopt and publish rules and regulations governing the use of the Common Facilities, and the personal conduct of the Members and their guests thereon, and establishing penalties, to be imposed after reasonable notice of the charge(s) and/or violation(s) and an opportunity to be heard (by the Board of Directors or before an adjudicatory panel appointed thereby) and to present evidence, for infraction thereof including, but not limited to, (a) the imposition of reasonable fines, which shall constitute assessments secured by liens, not to exceed one hundred fifty (\$150.00) dollars for a violation or, not to exceed one hundred fifty (\$150.00) dollars for each day after the decision that a continuing violation exists and continues and (b) the suspension of privileges and/or services provided by the Association (except rights of access to lots) as established by the Board or adjudicatory panel until the violation or delinquency is cured;
- (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;
- (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 By-laws, the Articles of Incorporation or the Declaration;
- (d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.
- (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 facilities without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Properties; and
- (h) Appoint and remove at 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;
- (i) Procure and maintain adequate liability insurance covering the Association, its Directors, officers, agents and employees and to procure and maintain adequate hazard insurance on the real property and personal property owned by the Association;
- (j) Enforce the applicable declarations of covenants, as amended from time to time, and establish penalties, to be imposed after reasonable notice of the charge(s) and/or violation(s) and an opportunity to be heard (by the Board of Directors or before an adjudicatory panel appointed thereby) and to present evidence, for infraction thereof including, but not limited to, (a) the imposition of reasonable fines, which shall constitute assessments secured by liens, not to exceed one hundred fifty (\$150.00) dollars for a violation or, not to exceed one hundred fifty (\$150.00)

dollars for each day after the decision that continuing violation exists and continues and (b) the suspension of privileges and/or services provided by the Association (except rights of access to lots) as established by the Board or adjudicatory panel until the violation or delinquency is cured.

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 the Members entitled to at least one-fourth (1/4) of the votes of the membership;
- (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 as provided in the Declaration;
 - (2) Send written notice of each assessment to every Owner subject thereto at least fifteen (15) days prior to the membership meeting;
 - (3) File a lien against any property for which assessments are not paid within thirty (30) days after due date;
 - (4) To foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law or equity against the Owner personally obligated to pay the same;
- (d) Issue, or to 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 Facilities to be maintained;
- (h) Do any and all other things necessary to direct and carry out all activities of the Association as contained in the Declaration and Bylaws.

**ARTICLE VII
OFFICERS AND THEIR DUTIES**

Section 1. Enumeration of Offices. 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, by secret ballot, at the organizational meeting of the Board of Directors.

Section 3. Term. Each officer, of the Association, shall be elected annually by the Board and each shall hold office for one (1) year or until his death, resignation, expiration of term, 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 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. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he 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. The President shall prepare an agenda before each regularly scheduled meeting and furnish a copy of the same to other Board members at least three (3) days prior to the meeting.

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; cause an annual audit or review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members for approval at its regular Annual Meeting, Although the Planned Community Act requires that a majority of all Members is required to reject a budget, in the event a majority of those Members voting reject the proposed budget, the Treasurer and Directors shall immediately review the budget.

ARTICLE VIII

COMMITTEES

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 By-laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
PROCEDURES GOVERNING JUDICIAL COMMITTEE

Section 1. PURPOSE

The purpose of the SLWLA Judicial Committee (hereinafter, “the Committee”) is to contribute to the health, safety, and welfare of the residents and land owners of Seven Lakes West and all developments under the governance of SLWLA by providing a venue for resolution of alleged violations of restrictive covenants, rules and regulations, and motor vehicle rules, and further to prevent violations of the same.

In order to accomplish these purposes, the Committee is provided the powers and duties as stated herein, which may be amended as needed by the SLWLA Board of Directors, as well as all powers which are reasonable and necessary to accomplish the Committee’s purposes.

Section 2. CONSTITUTION OF THE JUDICIAL COMMITTEE

The Judicial Committee shall, in all respects, be a committee of the Board of Directors of the SLWLA, and shall operate under the authority and direction of the said Board. Nothing herein shall be construed to place any duty upon either the Board of Directors or the Judicial Committee to take any action whatsoever.

The Committee shall be composed of seven members, who shall be appointed by the SLWLA Board of Directors for a term of three years. The Members of the Committee shall elect a Chairperson and a Recording Secretary to serve for said three-year term. Committee members may be reappointed after their term has expired, at the election of the SLWLA Board of Directors. If any Committee member cannot fulfill his or her term, a replacement member may be appointed by the SLWLA Board of Directors for the remainder of that term.

No Committee member shall participate in any Committee proceeding in which said member, or a family member, has any interest. If a Committee member shall be determined to have a conflict of interest in any matter, then the remaining members of the Committee may hear the proceeding without that member, or the SLWLA Board of Directors, at its sole discretion, may appoint one or more special, temporary members to the Committee, limited to the single matter in which the conflict of interest is found to exist.

Section 3. COMMITTEE MEETINGS AND QUORUM

- 3.1 The Committee shall meet every month at the time and place chosen by a majority of the Committee members. The Recording Secretary or his designee shall keep a record of the proceedings, including but not limited to the attendees, witnesses, evidence presented, and Committee votes.

- 3.2 The Committee shall hold special meetings as called by the Chairperson or any two-committee members. Notice of special meetings shall be provided as agreed upon by all Committee members.
- 3.3 The Committee shall be fully empowered to act at any meeting where a quorum is present.
- 3.4 A quorum shall be deemed present if a majority of the Committee members are present at a duly called meeting. In any meeting where a complaint or accusation will be heard, or evidence taken, a quorum will consist of five (5) members of the Committee.
- 3.5 Once a quorum has been declared present for a meeting, the Committee shall be empowered to act according to the vote of the majority of those Committee members present at the meeting.
- 3.6 If a quorum is not present, the Committee members shall not be allowed to take any action.

Section 4. AUTHORITY AND DUTIES OF THE JUDICIAL COMMITTEE

Matters may be directed to the Committee only by the SLWLA, its officers, directors, or agents. Matters may not be brought before the Committee by individual landowners or residents of Seven Lakes West. The Committee shall have the authority to:

- 4.1 hear and take evidence of violations of the rules and regulations, and the applicable restrictive covenants.
- 4.2 to summon witnesses to appear before the Committee.
- 4.3 to summon those accused of violations of the rules and regulations and/or the covenants.
- 4.4 to provide those accused of violations the opportunity to correct said violations.
- 4.5 to render a decision regarding the occurrence of violations as set forth in paragraph (1) above in all cases where the violations are disputed by the accused.
- 4.6 to impose a remedy for any violations found to exist, and to forward said findings and remedy to the accused.
- 4.7 to try matters brought before it in absentia, so long as the accused violators have received actual notice of the Committee hearing twenty (20) days before its commencement.
- 4.8 and to take all actions authorized by the SLWLA Board of Directors and to exercise all powers which are reasonable and necessary to carrying out the Committee's purposes.

Section 5. COVENANT ENFORCEMENT PROCEDURE

Complaints regarding violations of the SLWLA governing documents will be made to the Community Manager by a written and signed document. Upon the receipt of a complaint or observation by any landowner, the complaint will be investigated by the Community Manager. The matter will be documented as to times, dates, and photographs if warranted.

The landowner shall be personally contacted by the Community Manager to discuss the problem. If personal contact cannot be accomplished, a letter will be sent to the landowner advising him/her of the complaint and the Community Manager's observations.

If the matter is not resolved or appropriate arrangements not made in a timely manner as determined by the Community Manager, a certified letter will be sent by the Legal Committee chair, stating that the matter will be:

5.1 remedied by action of the Board of Directors, as recommended by the Community Manager, and the landowner will be billed for the costs of the remedy; or

5.2 referred to the Judicial Committee, with notice of the date, time, and location of the Judicial Committee hearing, including an appropriate explanation of the judicial process.

Section 6. COMMITTEE PROCEDURE

In all disputed matters before the Committee, the following rules shall govern the proceedings:

6.1 Each party to the action or dispute shall be allowed to present evidence to the Committee relative to the offense for which said accused has been called before the Committee. Said evidence may be documentary, testimonial, physical, or any combination thereof.

6.2 Each party shall be allowed to address the Committee in whole (not individual Committee members) both prior to and following the presentation of evidence to the Committee.

6.3 Any party appearing before the Committee shall be allowed to, but is not required to, have an attorney or other representative present during the proceedings. Said representative shall be allowed to present evidence and argue the case before the Committee.

6.4 No person accused of a violation shall be required to testify.

6.5 The person accused of a violation shall be notified by telephone and postal mail at least twenty (20) days prior to the start of the proceeding. Absent notice to the Committee not less than three days prior to the scheduled proceeding, if the accused fails to appear in person or by representative, then the accused shall be deemed to have forfeited his opportunity to

present evidence in support of his position. The decision to continue a proceeding shall be at the sole discretion of the Committee acting by majority vote.

6.6 The person or entity alleging the existence of a violation shall be required to present evidence of the same first.

6.7 Following the presentation of the accuser's evidence, the Committee shall either dismiss one or more complaints against one or more of the accused, or offer the accused the opportunity to present evidence in his defense. The accused shall not be required to present any evidence in his defense, and may at this point request the Committee to dismiss the matter.

6.8 Each party to the action shall be allowed to question the witnesses presented by the opposite side regarding any issue relevant to the action.

6.9 If the accused elects to present evidence, the accusing witness shall be given the opportunity to present rebuttal evidence.

6.10 At the conclusion of all evidence presented to the Committee, each party shall be given the opportunity to make a final argument before the Committee as a whole in support of his position.

Section 7. DECISION OF THE COMMITTEE

Following the final arguments of each party, if the same are presented, the Committee shall recess and vote to determine whether the alleged violation has been proven by a preponderance of the evidence. The decision of a majority of the Committee members voting at a meeting where a quorum has been declared present shall be the decision of the Committee.

The vote of the Committee shall be by written ballot of the Committee members then present and eligible to vote on the matter. No Committee member is eligible to vote on any matter if he was not present for the presentation of the matter to the Committee.

The Committee is not required to render an immediate decision, but is allowed to take such matters under advisement and, if necessary, to request additional hearings or additional evidence regarding the alleged violation or defense. The Committee shall render a decision within fourteen (14) calendar days from the date the last evidence was presented.

A summary of the proceedings and the Committee's decision shall be maintained by the West Side Park Community Center, and shall be provided to G. S. Communities by the SLWLA Board of Directors.

Section 8. REMEDIES

The Committee, after having found a violation has been proven by preponderance of the evidence to have been committed by the accused, shall impose a remedy. Recommended remedies may include one or more of the following as authorized by the governing documents of the SLWLA:

8.1 A fine of up to \$150.00 per violation, or \$150.00 per day per violation which continues unabated;

8.2 Suspension of all SLWLA privileges except the right of access to lot(s) owned, for a period not to exceed one year;

8.3 Abatement or remedy of the violation at the lot owner's expense, along with administrative costs of the SLWLA of not more than \$100.00.

Section 9. APPEAL TO THE SLWLA BOARD OF DIRECTORS

If the accused so decides, he may appeal the finding and ruling of the Judicial Committee to the SLWLA Board of Directors, which will review the recommendation of the Judicial Committee as to the finding of a violation, the guilt of the accused, and the recommended remedy. By a two-thirds (2/3) vote of the Board of Directors, a decision will be rendered within thirty (30) days of receipt of the Committee's findings. Said decision shall confirm the Committee's findings and remedy, at which time the Board will provide notification of its decision to the accused(s). The Board may also decline to accept the Committee's findings and recommendations, at which time it will notify the accused that the ruling has been revised or the matter dismissed.

Section 10. ENFORCEMENT OF REMEDY

The SLWLA Board of Directors shall have the right to seek enforcement of any decision or remedy imposed by the Committee in any court of competent jurisdiction within the County of Moore, State of North Carolina. In addition, any monetary remedy assessed or incurred may be enforced by the Board of Directors by placing a lien on the property of the violator, and if not paid within thirty (30) days, interest on said amounts may be charged at the maximum legal rate, and shall be collectible by foreclosure of the lien, along with all costs of collection, including a reasonable attorney's fee.

Section 11. COMMITTEE NOT EXCLUSIVE REMEDY

Nothing herein shall be construed to prohibit the SLWLA, its officers, employees, or agents, from seeking redress from a court of competent jurisdiction without first having submitted the

matter to the Judicial Committee. The decision to seek redress within the framework of the Judicial Committee established herein or to pursue any matter in a court of competent jurisdiction shall lie solely in the discretion of the Community Manager and the SLWLA Board of Directors.

Section 12. INDEMNIFICATION OF COMMITTEE MEMBERS

The SLWLA shall indemnify and hold harmless all members, including temporarily appointed members, of the Judicial Committee for any and all acts taken within the apparent scope of their authority as members of the Judicial Committee. The indemnity and agreement to hold harmless shall apply to actions brought by any person, firm, or entity whatsoever as a result of the Committee member's actions as a member of the Judicial Committee.

ARTICLE XI **ASSESSMENTS**

Each Member of the Association is obligated to pay to the Association annual and special assessments as provided for in the Declaration or other recorded agreement. Assessments shall be secured by a continuing lien upon the property against which the assessment is made. The Association shall have the right to secure a continuing lien upon the property against delinquent Members as provided in the Declaration. A lot owner who is granted a building permit shall be liable to pay prorated homeowner's dues four months after the granting of the building permit.

ARTICLE XII **CORPORATE SEAL**

The Association shall have a corporate seal in circular form having within its circumference the words: Seven Lakes West Landowners Association, Inc.

ARTICLE XIII **AMENDMENTS**

Section 1. These By-laws may be amended, at a regular or special meeting of the Directors, by a vote of 2/3rds of all Directors in person or by proxy. Proposed amendments to the By-Laws of the Seven Lakes West Landowners Association or to the Rules and Regulations of the Association must be approved by the Directors in two separate work sessions. There shall be sufficient time between the work sessions to publish the proposed change(s) via the SLWLA Newsletter, the *Seven Lakes*

Times or posting in the mailroom 30 days prior to a regularly scheduled general session of the SLWLA at which members shall be given an opportunity for member comment. The proposed amendment may be passed, or modified and passed, at the work session after the general session.

Section 2. 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 XIV **MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of May and end on the 30th day of April of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XV **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 in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he 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 negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, by-law agreement, vote or members or disinterested directors or otherwise, both as to action in his 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 assessed against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him 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 of (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

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