

FOREWORD

Here is your updated version of the Seven Lakes Landowners' Association By-Laws contained in your Property Owners' Manual. It is presented in a new format and contains a number of significant changes. Please become familiar with them. There are no longer any "chapters", just Sections and sub-sections using the Dewey decimal system. The definitions are common to both the By-Laws and the Rules and Regulations.

When future changes are made, we will issue new pages and update the index as appropriate, to keep this document reasonably current.

The following are a few points that may be helpful in using and understanding this document.

- Most topics that are of interest to residents are contained in the Rules and Regulations,
- Prior approvals for new construction or for any alterations of structures, including buildings or fences, must be obtained in writing from the Architectural Review Board (ARB)/Building Committee before they may be commenced.

Most residents generally have only a slight familiarity with the Association's By-Laws and Rules, perhaps because the Community runs smoothly from year-to-year. Thus, residents can focus on, and enjoy, what Seven Lakes has to offer. Our Management is in very capable hands.

Rules and Regulations are guidelines for home-owners to demonstrate common sense and fair play. By their observance, residents can exhibit responsibility to both neighbors and Community. We urge understanding on the part of all residents to resolve the inevitable exceptional circumstances that will occur.

Outstanding PEOPLE make an outstanding community. Such a community is SEVEN LAKES!

**Amended: 6/25/08
7/30/08
9/24/08
1/28/09
3/12/09
7/29/09
10/28/09
12/16/09
5/26/10**

**BY-LAWS
of the
SEVEN LAKES LANDOWNERS' ASSOCIATION, INC**

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SECTION 1.0 DEFINITIONS

The following terms are used in these By-Laws of the Seven Lakes Landowners’ Association.

1.1 Affiliate Member means:

1.1.1 An owner in good standing of a lot or lots in other communities, associations, and entities to whom the Board of Directors may grant certain privileges on a year-to-year basis. For these purposes, Affiliate Member includes:

1.1.2 Family: The spouse and children of a member who reside at the same principal residence as the member;

1.1.3 Contractual: Persons who by virtue of contractual agreements with the Association, as further specified by resolution of the Board of Directors, may be entitled to certain privileges.

1.2 Articles mean the Articles of Incorporation (Charter) of the Seven Lakes Landowners’ Association, including Amendments thereto.

1.3 Association means the Seven Lakes Landowners’ Association, a North Carolina not-for-profit corporation.

1.4 Board means the Board of Directors of the Seven Lakes Landowners’ Association.

1.5 By-Laws mean the By-Laws of the Seven Lakes Landowners’ Association.

1.6 Closed Sessions: (See **Special Closed Business Meeting**)

1.7 Common Area means all of the real property designated as such in the Leases; all real property which may be later annexed to the Development as Common Area; and all real property acquired by the Association, whether from the Declarant or otherwise, together in each instance with all improvements which may be at any time constructed thereon, including, but not limited to, recreational and community facilities, lakes, parks and streets.

1.8 Community means Seven Lakes North, to include Ramapo Village, and Seven Lakes South, to include the Townhouse Area, as defined in the Covenants, as the same may be shown on the maps thereof recorded from time to time, and other areas as recorded and approved by the Board of Directors.

1.9 Covenants mean the Declaration of Restrictive Covenants for Seven Lakes to which all of the Lots and Parcels in the Development are subject and recorded in the State of North Carolina, County of Moore, as listed below:

	DEEDS	PAGE NUMBERS
North Side	Book-367	Page-537
	Book-370	Page-90
	Book-3B3	Page-544
	Book-416	Page-349
South Side	Book-399	Page-523
	Book-400	Page-800
Townhouses	Book-442	Page-302
Ramapo	Book-490	Page-469
Bankruptcy Court		

- 1.10 Declarant** means Seven Lakes Development Company, its successors and assigns.
- 1.11 Delinquent** means the condition of an account when, at the end of the Association's fiscal year in April of each year, there is remaining in the account outstanding indebtedness to the Association.
- 1.12 Developer** means Seven Lakes Development Company and Lakeview Construction Company, their successors and assigns.
- 1.13 Development** means Seven Lakes as defined in the Covenants.
- 1.14 Dues** means Annual Assessments charged to members.
- 1.15 Executive Session: (Removed 5/07)**
- 1.16 Good Standing** means current in the payment of Association dues, on all lots, either in full or scheduled installments, special assessments, other indebtedness to the Association, fines imposed by the Association, and not in continuing violation of the provisions of these By-Laws, Rules & Regulations or Declaration of Covenants **(amended 6/25/08)**.
- 1.17 Guest** means a person to whom a member has extended the use of his/her Lot and the privileges to which the member is entitled. Member is responsible for the actions of guests.
- 1.18 Improved Lot** means any lot with improvements constructed thereon which are taxed by Moore County.
- 1.19 Improvements** mean all buildings, outbuildings, streets, roads, driveways, parking areas, fences, retaining and other walls, hedges, poles, antennas and other structure of any type or kind.
- 1.20 In Arrears** means the condition of an account when, at any time during the year, there is indebtedness that is NOT current.
- 1.21 Judicial Committee** mean the Committee appointed by the Seven Lakes Board of Directors to adjudicate violations of the rules, regulations, restrictive covenants and other matters as set forth under the Judicial Process, and to determine a penalty, if any shall be needed, for said violations of the rules, regulations, and restrictive covenants and other matters. The Committee shall be composed of five (5) members appointed annually by the Board in accordance with the rules, regulations and authority provided under **Judicial Process** in the Rules and Regulations, as the same may be amended from time to time.
- 1.22 Lot** means any numbered lot designated on the plat.
- 1.23 Member** means:
- 1.23.1 (Deleted 9/24/08)**
 - 1.23.2** An occupant who resides in the house with lifetime rights. **(amended 6/25/08)**
 - 1.23.3** The owner of a lot or lots on which Association dues are currently assessed. **(amended 6/25/08)**
- 1.24 Owner** means a person or persons who holds a fee simple title to any lot. **(amended 6/26/08; 9/24/08)**

- 1.25 Parcel** means any named, lettered tract shown on the plat.
- 1.26 Plat** means the maps or plats of Seven Lakes as defined in the Covenants.
- 1.27 Renter** means a person who has the right to occupy a living unit on the basis of a written Lease of a term not less than thirty (30) days.
- 1.28 Seven Lakes** means Seven Lakes North to include Ramapo Village, Seven Lakes South, to include the Townhouse Area, and other areas as recorded and approved by the Board of Directors.
- 1.29 Single Family Dwelling** means a residential dwelling for one or more persons, each related to the other by blood, marriage, or legal adoption, or a group of not more than three (3) adult persons not so related, together with his/her or their domestic servants maintaining a common household in such dwelling, which dwelling is constructed on a Lot designated in the Covenants as a single family residential Lot.
- 1.30 Special Closed Business Meeting** means Board deliberations not open to the public.
- 1.31 Townhouses** mean single housing two family units segregated and located on the South and North sides.

SECTION 2.0 NAME/OFFICE/PURPOSE

2.1 NAME

The corporation shall be 7 or Seven Lakes Landowners' Association, Inc., a not-for-profit corporation.

2.2 OFFICE

The principal office and the registered office of the Association shall be located at Seven Lakes Landowners' Association, Inc., West End, North Carolina 27376.

2.3 PURPOSE

The purposes for which the Association is organized are not for anticipated pecuniary gain or profit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which it is formed are:

2.3.1 to be and to constitute the Association to which reference is made in the Covenants and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association as specified in said Covenants, in the Articles, in these By-Laws, and as provided by law; and

2.3.2 to provide an entity for the furtherance of the interests of the owners of lots in the development.

SECTION 3.0 ASSOCIATION POWERS

In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Covenants or these By-Laws, may be exercised by the Board:

- 3.1** All of the powers conferred upon non-profit corporations by common law and the statutes of the State of North Carolina in effect from time to time; and
- 3.2** All of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in the Covenants, and By-Laws, including, without limitation, the following:
 - 3.2.1** to collect dues, and other charges to be levied against members, affiliate members, and/or guests.
 - 3.2.2** to manage, control, operate, maintain, repair, and improve Common Areas and facilities, and property subsequently acquired by the Association, or any property owned by another, for which the Association by rules, regulations, covenants, or contract has a right or duty to provide such services;
 - 3.2.3** to engage in activities which will actively foster, promote, and advance the common interests of all owners and lots at the development;
 - 3.2.4** to buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;
 - 3.2.5** to borrow money for any purpose as may be stated in these By-Laws;
 - 3.2.6** to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any association, corporation, or other entity or agency, public or private;
 - 3.2.7** to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests of such corporations, firms, or individuals;
 - 3.2.8** to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, that such By-Laws may not be inconsistent with or contrary to any provisions of the Covenants;
 - 3.2.9** to exercise further rights and powers which may now or hereafter be allowed or permitted by law; and,
 - 3.2.10** to establish rules and regulations for the use of common areas and facilities.

SECTION 4.0 MEMBERSHIP/MEETINGS

- 4.1 MEMBERSHIP of the Association shall consist of two classes:** Members and Affiliate Members.
- 4.2 Meeting Place:** All meetings of the Association shall be held at the principal office, or at such other places as shall be designated in the notice of meeting.
- 4.3 Annual Meeting:** The Annual Meeting of members shall be held on the **4th Sunday of March** of each year for the purpose of electing directors of the Association, fixing dues for the year and for the transaction of such business as may be properly brought before the meeting. In the event the 4th Sunday of March is a legal holiday, such meeting will be held the preceding Sunday.
- 4.4 Special Membership Meetings:** A special meeting may be called by the President, any two Board members, or by members having **one-tenth (10%)** of the votes entitled to be cast at such meeting. All costs associated with the Special Meeting will be borne by the Association.
- 4.5 Notice of Meetings:** Written notice stating the place, day and hour of the Annual Meeting, and in case of special meetings, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting entitled to vote at such meeting.
- 4.6 Conduct of Meeting:** Except as otherwise provided in the By-Laws, meetings of the Association, the Board of Directors, and the Board's Executive Committee shall be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised.
- 4.7 Voting:** Voting for members of the Board of Directors and all other matters shall be by a secret ballot and limited to members in good standing, including renters in Seven Lakes who own real property in Seven Lakes Subdivision or Country Club Subdivision, and are entitled to cast one vote. Affiliate members shall not be entitled to vote. A simple majority of the votes entitled to be cast by the members present, by absentee ballot, or represented by proxy at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted on by the members, except for a vote on special assessments for which a two-thirds vote is necessary in accordance with the Covenants. A voting member may vote in person, by absentee ballot, or by proxy duly executed in writing by the member or his duly authorized attorney-in-fact. All member votes may be conducted by US Postal Service. **(amended 6/25/08; 9/24/08)**
- 4.8 Quorum:** A quorum shall consist of at least **one-tenth (10%)** of the members entitled to vote in person, by proxy, or absentee ballot, at a meeting of members.
- 4.9 Duties of Members:**
- 4.9.1 Payment of Dues and/or Special Assessments:**
The rights of membership are subject to the payment of annual Dues and/or Assessments levied by the Association, the obligation of such Dues and/or Assessments are imposed against each Owner as provided herein and becomes a lien upon the property against which Dues and/or Assessments are made as provided by the amended Covenants dated Sept. 19, 1988. Dues and/or Assessments shall be due

in full on or before **May 1st of each year**, unless an installment payment option is contracted for with the Association. Complete terms and conditions are published in the Association's Dues and Collection Policy.

4.9.2 Payment – Additional Lots:

Any owner of more than one (1) lot, who is in arrears in the payment of Dues and/or Assessments, even though paid in full on one (1) or more Lots, shall not be considered a member in good standing, and the Board may suspend all voting rights, if any, and all rights to use the Association's Common Areas for any period during which any Association Dues and/or Assessments against such Owner remain unpaid.

4.9.3 Notification of Delinquency:

The Community Manager shall notify, by letter, each lot owner or renter whose account has become delinquent in the payment of Dues and/or Special Assessment. Such letter shall state the amount due and the consequences of nonpayment.

4.9.4 Address:

Each member shall register his/her address and any changes thereof with the Association. Failure to notify the Association of a change of address does not relieve the owner of the duties and obligations of membership, including the payment of dues and/or special assessment on or before the date or dates fixed by resolution of the Board.

4.10 Setting of Dues and/or Special Assessments: Membership dues shall be proposed by motion of the Board and approved by members in good standing at the annual meeting, and the interpretation of the application of dues in extraordinary cases is reserved to the Board of Directors. However, if any motion to increase or decrease annual dues shall be defeated at the annual meeting, such dues shall continue at the same rate until changed by the membership at a duly called meeting.

4.10.1 Pursuant to the authority granted in Section 12 of the Restated Northside Restrictive covenants, and the By-Laws of the Seven Lakes Landowners' Association, Inc., the Board of Directors of the Seven Lakes Landowners' Association, Inc., establishes a Special Road and Dam Maintenance Account for the purpose of segregating the dues increase approved at the FY2009/10 annual meeting for Fys2009/10 and 2010/11, and these dues as collected in future years, that are specifically designated for road repaving and NC State mandated dam repairs. The funds so designated will be held in a separate segregated account and shall not be available for any other purposes without the prior approval of 75% percent of the members of the Board of Directors of the Association at either the Association's annual meeting or a special meeting called pursuant to the By-Laws of the Association. **(amended 3/12/09)**

The Treasurer of the Association shall provide complete accounting of this account, as well as access to the records of this account pursuant to the terms and conditions set forth in the Association's By-Laws. **(amended 3/12/09)**

4.11 Rights and Privileges of Enjoyment of Common Area: Each member and affiliate member shall be entitled to the use and enjoyment of the Common Area subject to:

4.11.1 the provision of the Covenants, the Articles, these By-Laws, and the published rules and regulations of the Association;

4.11.2 the right of the Association to charge reasonable fees for the use of the various facilities and amenities established by the Board;

4.11.3 the right of the Board to suspend all rights to use Association's Common Areas of any member or affiliate member as provided in these By-Laws or the published rules and regulations of the Association;

4.11.4 the Board's prerogative to modify or limit the rights and privileges of affiliate members, which need not be the same as those of members.

4.12 Guests: Any member or affiliate member of the Association may allow his/her guests to use and enjoy the Common Areas as provided in the published rules and regulations of the Association. Members are responsible for the actions of their guests. No member or affiliate member may extend privileges which differ from those he/she possesses as a member or affiliate member. The rights and privileges of such persons are subject to the same provisions and are subject to suspension under **Section 4.13** to the same extent as those of the member or affiliate member.

4.13 Suspension of Privileges: The Board may suspend all voting rights, if any, and all rights to use the Association's Common Areas, of any member, affiliate member, renter or guest, for any period during which any Association dues, fines, or assessments, or other fees remain unpaid, or during the period of any continuing violation of the provisions of these By-Laws by such owner after the existence thereof has been declared by the Board. The right of ingress and egress of an owner to his/her lot shall not be affected by such suspension of privileges; however, **ingress** will be limited to the visitor's lane during the period of suspension if the member remains delinquent or in a period of continuing violation of the provisions of these By-Laws.

4.14 Cumulative Rights: Remedies specified herein are cumulative and any specifications of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law or in equity.

SECTION 5.0 COMMUNITY MANAGER

5.1. Community Manager

The affairs of the Association shall be administered by a Community Manager (hereinafter called the "Manager") and such other personnel as are, from time to time, authorized by the Board of Directors. The Manager is responsible to the Board of Directors for the management of the affairs of the Association and the execution of the policies and decisions of the Board of Directors. The Manager shall be chosen by the Board of Directors.

5.2 Appointment; Tenure

The Manager shall be appointed for an indefinite term and serves at the pleasure of the Seven Lakes Landowners' Association's Board of Directors. The Manager may be removed by a majority vote of the Board when, in its judgment, the best interest of the Association will be served by such removal. Such removal shall be by a majority vote of all Directors, upon motion, in a closed session.

5.3 Illness or Absence

The Manager may designate a qualified administrative employee of the Association to perform his duties during his temporary absence or disability. In the event of his failure to make such designation, or if the absence or disability continues more than thirty (30) days, the Board may appoint an employee of the Association to perform the duties of the Manager during such absence or disability until he shall return or his disability shall cease.

5.4 Responsibilities:

The Manager shall:

- 5.4.1** Execute the Rules and Regulations as promulgated by the Board of Directors.
- 5.4.2** Negotiate contracts for the community, subject to the approval of the Board, make recommendations concerning the nature and location of community improvements and execute community improvements as determined by the Board.
- 5.4.3** Assure that all terms and conditions imposed in favor of the Association or other contract, are faithfully kept and performed and, upon knowledge of any violation, call the same to the attention of the Board.
- 5.4.4** Prepare agendas for and attend all meetings of the Board, with the right to take part in the discussions, but without the right to vote.
- 5.4.5** Make such recommendations to the Board concerning policy formulation as he deems desirable and keep the Board and the Association members informed as to the conduct of Association affairs.
- 5.4.6** Prepare and submit the annual budget to the Board, together with such explanatory comment as he may deem desirable and administer the Board approved budget.
- 5.4.7** Perform such other duties as may be required of the Manager by resolution of the Board.
- 5.4.8** Be responsible to the Board for carrying out all policies established by it and for the proper administration of all affairs of the Association within the jurisdiction of the Board.

SECTION 6.0 BOARD OF DIRECTORS

6.1 Directors: The affairs of the Association shall be managed by a Board of Directors. Affiliate members may not be nominees for the Board of Directors.

6.2 Number, Election, Eligibility, and Term:

6.2.1 The number of Directors of the Association shall be seven. Directors will be elected for a term of two years. Four (4) Directors will be elected in odd-numbered years and three (3) Directors will be elected in even-numbered years. There will be no restriction on the number of terms a Director may be elected. The number of Directors may be increased or decreased by amendment of these By-Laws.

6.2.2 All elections shall be by secret ballot, which may be cast up until closure of voting by announcement at the annual meeting.

6.2.3 Nominees for, and members of, the Board of Directors may serve ONLY if they;

- Are occupant members (12 month residents) in good standing (**amended 6/25/08; 9/24/08**)

6.3 Nominations: In September of each year, the Board shall name a Director, who is not running for re-election, as Chairperson of the Nominating Committee. The Committee shall consist of at least two non-board resident members in good standing, in addition to the chairperson. Such Committee members must be approved by a majority of the Board. The Committee's responsibility is to solicit from the community a list of eligible candidates and to present them to the board at its last meeting in December. Any resident, whether contacted by the Committee or not, may become a candidate by advising the Association of this during the selection process. The Committee should recognize subdivision representation and the current needs of the community in determining the slate of nominees. In addition, any member in good standing with the Association may be nominated by a petition signed by at least fifty (50) members in good standing and presented to the Board at its last meeting in January. (**amended 6/25/08; 9/24/08**)

6.4 Removal: Any Director may be removed from his or her directorship by those authorized to elect or appoint such Director whenever in their judgment the best interest of the Association will be served by such removal. Removal shall be approved by a majority vote of members in good standing (in the case of an elected Director) in an annual meeting or in a special meeting, or by a majority vote of the remaining members of the Board (in the case of an appointed Director).

6.5 Vacancies: Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors shall be filled by appointment by the remaining directors for the unexpired term of the director replaced or for the entire term of the new directorship. The Board, in filling the vacancy, will give first consideration to the Seven Lakes resident receiving the next largest number of votes in the previous election.

6.6 Quorum of Directors: A majority of the number of Directors as fixed by these By-Laws shall constitute a quorum for transacting business. The act of a majority of Directors who are present at a meeting, at which there is a quorum shall be the act of the Board of Directors, except for an act of selling property listed in Warranty Deed dated November 12, 2009, for which an approval vote of seventy-five (75%) percent of the duly elected or appointed Board of Directors of the Seven Lakes Landowners' Association is required. (**amended 10/28/09**)

Voting by e-mail or proxy voting is only permitted in emergencies and/or when decision-making is urgent. In these cases, the Directors must have as much information on the issue as practicable.

6.7 Time of Taking Office: The term of office for elected Directors shall commence immediately following the annual meeting at which said Director is elected.

6.8 Executive Committee: The Executive Committee shall consist of all officers of the Board of Directors and may by resolution adopted by a majority of the Directors, have and exercise the authority of the Board of Directors to the extent provided in said resolution.

6.9 Directors Meetings:

6.9.1 Regular Director Open Business Meetings of the Board of Directors shall be held on the last Wednesday of each month, without notice, at 7:30 PM, or at such time fixed by a majority of the Board. In addition, open membership non-voting Board work sessions shall be held at least ten (10) days prior to the last Wednesday of each month, at such time as fixed by a majority of the Board. A Special Director Open Business Meeting may be held at the call of the President or any two Directors, by written or oral notice, to discuss matters requiring timely attention. Voting at these special meetings is permitted.

6.9.2 Special Closed Business Meetings: A closed session may be held **ONLY** when necessary to;

6.9.2.1 prevent the disclosure of information that is privileged or confidential in connection with any actual or potential suit, administrative proceeding or arbitration instituted by or against the Association;

6.9.2.2 preserve the attorney-client privilege between the attorney and the Association. Nothing herein shall be construed to permit the Association to close a meeting that otherwise would be open merely because an attorney employed or retained by the Association is a participant; or because communication from an attorney employed or retained by the Association is to be related to Board members;

6.9.2.3 establish the position to be taken in connection with the negotiation of material terms of a proposed contract for real property acquisition or to discuss compensation or other terms of proposed employment;

6.9.2.4 consider the qualifications and conditions of initial employment of an individual employee, or to investigate a complaint, charge, or grievance by or against an individual employee;

6.9.2.5 discuss matters of alleged criminal misconduct;

6.9.3 Calling a Special Closed Business Meeting: The President or any two Directors may call a closed business meeting upon a motion duly made and adopted at an open meeting and shall cite one or more of the permissible purposes listed in Section 6.9.2.

6.9.4 Recording of Special Closed Business Meetings: Minutes of all closed sessions shall be recorded, sealed and maintained in the Board's archives. These minutes should only include any motions that are made and the vote of each Board member.

6.10 Powers and Duties of the Board of Directors:

6.10.1 The affairs of the Association shall be managed by the Board as provided in the Articles.

6.10.2 The Board shall have the power to:

6.10.2.1 manage, control, and establish policy in the affairs of the Association;

6.10.2.2 adopt a corporate seal as the seal of the Association;

6.10.2.3 adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the members, affiliate members, and their guests thereon;

6.10.2.4 assess and collect the dues, special assessments, or charges referred to in Section 4.10 of these By-Laws;

6.10.2.5 establish, assess, and collect fees for affiliate membership for the use of the various facilities and amenities and as the Board may deem necessary for the operation of the various functions of the Association;

6.10.2.6 designate a Federally insured banking institution or institutions as depository for the Association's funds to the extent of such insurance, and the officer, officers or employees authorized to make withdrawals and to execute obligations on behalf of the Association;

6.10.2.7 cause the Association to employ sufficient employees to perform adequately the responsibilities of the Association. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member of the Association in any capacity whatsoever;

6.10.2.8 suspend the voting privileges of any Director who is not a member in good standing of the Association.

6.10.2.9 remove any such Director characterized in 6.10.2.8 from any Board office and/or committee chairmanship he or she may hold.

6.10.2.10 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 business meetings of the Board of Directors.

6.10.2.11 appoint and/or remove all members and Chairpersons of the standing Committees, "Judicial", "Building", and "Election", who shall serve at the discretion and behest of the Board, and assign by resolution such responsibilities and duties not inconsistent with the provisions of these By-Laws or State or Federal Laws as it may deem appropriate;
(amended 1/28/09)

- 6.10.2.12** enter into agreements with the Declarant relating to the orderly transfer of common and other properties from the Declarant to the Association, in order to facilitate the business of the Association and to further the interest of the members of the Association. Such agreements may contain such provisions as the Directors may in their judgment feel are appropriate and in the best interest of the Association and its members. However, the existence of such agreements and provisions and terms thereof shall be made known to the general membership in such manner as may be deemed appropriate by the Board.
 - 6.10.2.13** borrow money for Association purposes. A resolution by the Board that the interest of the Association requires the borrowing of money shall be sufficient evidence for any person that the borrowing is for a proper corporate purpose. The Board may, if it determines that the same shall be reasonably necessary, assign, pledge, mortgage, or encumber any property as security for such borrowing, and they may pledge or assign future revenues of the Association as security therefore;
 - 6.10.2.14** reserve the right, upon recommendation of the Judicial Committee, to impose fines and penalties and/or suspend the privileges of any member or affiliate member for conduct or for actions which may in any way be objectionable so as to bring disrepute upon the Association or which are in violation of the Articles, these By-Laws, and/or the published rules and regulations of the Association. Such penalties and fines and/or suspension shall be as the Judicial Committee deems justifiable within the guidelines established by the Board. This does not abridge the right of the Board to levy penalties and/or suspend the privileges of any member or affiliate member for violations or actions not in the best interest of the Association without the recommendation of the Judicial Committee;
 - 6.10.2.15** perform such other acts the authority for which has been granted by the Covenants, by the Articles, by these By-Laws, or by law;
 - 6.10.2.16** obtain an independent annual audit of the Association's finances; and
 - 6.10.2.17** do all lawful things and acts for the betterment of the members and promotion of their interests as provided by the Covenants, by the Articles, by these By-Laws, and by law;
 - 6.10.2.18** determine whether a person is an affiliate member, such determination of the Board deemed final and conclusive.
- 6.10.3 Duties:** It shall be the Board's duty to;
- 6.10.3.1** 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 of the members or at any special meeting when such is requested in writing by ten (10%) percent of the members of the Association who would have the right to vote at such meeting;

- 6.10.3.2** adopt an annual operating budget to be coordinated with the financial budget of the Association. The Board shall, taking into consideration other sources of income that the Association may have, levy the annual Dues as approved by the membership for each Lot;
- 6.10.3.3** supervise and control the affairs of the Association and all officers of the Association, and see that their duties are properly performed;
- 6.10.3.4** obtain and maintain adequate fidelity coverage and bond to protect against dishonest acts on the part of officers, directors, and employees and all others who handle or are responsible for handling funds of the Association, the premium for which will be paid by the Association; and
- 6.10.3.5** obtain and maintain adequate insurance coverage to protect the improvements within the Development and other property owned or leased by the Association; to obtain and maintain, to the extent obtainable, public liability and property damage insurance in such limits and with such deductibles as the Board may from time to time determine; and to obtain and maintain such other insurance as the Board may determine and such insurance as necessary to meet the requirements of law.

6.11 Officers

6.11.1 Number and Term: The officers of the Association shall consist of a President, one or more Vice-Presidents, a Secretary and a Treasurer, and such other officers and assistant officers as may be deemed necessary each of whom shall be elected or appointed by the Board at the first meeting of the Board of Directors after the election of said Board, and each officer shall serve for a term of one year.

6.11.2 Removal: Any officer may be removed from his or her officer's position by a majority vote of the Board whenever in the Board's judgment the best interest of the Association will be served thereby, and his or her replacement shall be elected or appointed by a majority of the remaining Board members.

6.11.3 Duties of the President: The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association in accordance with these By-Laws. He may appoint committees other than the standing committees, advisory in nature, in such numbers and for such purposes as he may see fit. He shall sign, with any other proper officers, any instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be delegated by the Board of

Directors to some other officer or agent; and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

6.11.4 Duties of the Vice-President: The Vice-Presidents in order of their election unless otherwise determined by the Board of Directors shall, in the absence or disability of the President, perform the duties and exercise the powers of that office.

In addition, they shall perform such duties and have such other powers as the Board of Directors shall prescribe.

- 6.11.5 Duties of the Secretary:** The Secretary shall keep accurate records of the acts and proceedings of all meetings of members and Directors. He shall give all notices required by law and by these By-Laws. He shall have general charge of the Association minutes, books and records, and of the corporate seal, and he shall affix the seal of the Association to any lawfully executed instrument requiring it. He shall sign such instruments as may require his signature, and in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or the Board of Directors.
- 6.11.6 Duties of the Treasurer:** The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall see that full and accurate accounts of the finances are kept; and he shall cause to be prepared an Annual Audit as of the close of each fiscal year. The treasurer shall, in general, perform all duties incident to his office and such other duties as may be assigned to him from time to time by the President or by the Board of Directors.
- 6.11.7 Assistant Secretaries and Treasurers:** The assistant secretaries and treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those officers, and they shall in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.
- 6.11.8 Indemnification of Directors, Officers, etc:** The Association shall indemnify and hold harmless each person who shall serve as a Director or officer or member of a committee of the Association from and against any and all claims and liabilities to which such person shall become subject by some reason of his/her having been a Director or officer of the Association, or by reason of any action alleged to have been taken or committed by him/her as such, and shall reimburse each person for all legal and other expenses reasonably incurred by him/her in connection with any such claim or liability; provided, however, that no such person shall be indemnified against or be reimbursed for any expense incurred in connection with any claim or liability arising out of his/her own willful misconduct or bad faith actions.
- 6.11.9 Rights:** The right accruing to any person hereunder shall not exclude any other right to which he/she may be lawfully entitled, nor shall anything herein contained restrict the right of the Association to indemnify or reimburse such person in any proper case, even though not specifically herein provided for. The Association, its Directors, officers, managers, employees, committee members, and agents shall be fully protected in taking any action or making any payment hereunder, or in refusing to do so, in reliance upon the advice of counsel.

SECTION 7.0 - PROXIES

- 7.1 USAGE:** Every member entitled to vote or execute consents shall have the right to do so either in person, absentee ballot, or by proxy.
- 7.2 FILING:** All proxies shall be in writing and filed with the Secretary of the Association. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his/her Lot.

SECTION 8.0 - SEVERABILITY

- 8.1 INDEPENDENT:** Every provision of these By-Laws is hereby declared to be independent of and severable from every other provision hereof. Should any provision be held by a court of competent jurisdiction to be invalid, or unenforceable, all remaining provisions shall continue unimpaired and in full force and effect.

SECTION 9.0 - CAPTIONS

- 9.1 CONVENIENCE:** Paragraph captions in these By-Laws are for convenience only and do not in any way limit or amplify the terms or provisions hereof.

SECTION 10.0 – CORPORATE SEAL

- 10.1 SEAL:** The Association shall have a seal in circular form having within its circumference the words "SEVEN LAKES LANDOWNERS' ASSOCIATION, North Carolina, Corporate Seal, Not-for-profit."

SECTION 11.0 – AMENDMENT

- 11.1 GENERAL:** These By-Laws, published under the Board's authority in **Section 3.2.8**, may be amended by a majority vote of the Board of Directors at any regular or special meeting, provided that at least 10-days advance notice, in writing, is given of the proposed amendment to be voted.

- 11.1.1 Exceptions:** By-Laws **4.10.1** and **6.6** may only be amended by action of the Board of Directors as required for approval of these By-Laws as set out in By-Laws **4.10.1** and **6.6** respectfully. (amended 3/12/09)

SECTION 12.0 – SEVEN LAKES GREATER COMMUNITY COUNCIL

- 12.1** The Association shall be represented on the Seven Lakes Greater Community Council by two members, the SLLA board President and an alternate. The alternate cannot be a board member, but must be a member in good standing and approved by a simple majority vote of the board. The term of the President will be one SLLA board term. The term of the alternate will be from July 1 through June 30. The alternate can be reappointed on a yearly basis as determined by the board. (amended 7/29/09)