

# **Summit Park Estates Homeowners' Association**

## **Homeowners' Association Handbook**

### **BY-LAWS OF SUMMIT PARK ESTATES HOMEOWNERS' ASSOCIATION**

#### Revisions

1. September 20, 2011 – Minor spacing changes, some spelling corrections, apply consistent capitalization to section headings, change section spacing, change margins, grammatical corrections, and repagination.

#### **ARTICLE 1 – IDENTITY**

These are the By-laws of Summit Park Estates Homeowners Association, Inc., of a North Carolina non-profit corporation

For purposes of these By-laws, terms specifically defined within the Covenants for Summit Park Estates Homeowners' Association and amendments thereto or the North Carolina Non-profit, Chapter 55A, North Carolina General Statutes (the "non-Profit Act"), shall have the same meaning herein. Unless the Covenants or By-laws expressly provide otherwise, the procedures and substantive matters governing the Association can be determined by reference to the Act and North Carolina General Statutes Chapter 40F: North Carolina Planned Community Act.

#### **ARTICLE 2 – THE NAME AND LOCATION OF THE ASSOCIATION**

The Summit Park Estates Homeowners' Association does hereby establish a non-profit corporation which shall be known by the above name. The purpose of the Association shall be to provide for the orderly enforcement of these covenants, including, but not limited to, the maintenance, upkeep and repair of the joint rights of way within the development and any common elements or any other matter or area determined by the Association to be a common element or other area of common interest. The Board of Directors as established in the By-laws of the Association shall constitute the Executive Board as defined in N.C.G.S. 47E-3-103 and shall be subject to the provisions of such statute, except as set forth in this Declaration or the terms of the By-laws of the Association.

An organization known as the "Summit Park Estates Homeowners' Association, Inc." (Hereafter referred to as the "Association"), located in Watauga County, North Carolina, has been formed and incorporated under the laws of the State of North Carolina. The Association has been organized and shall operate in accordance with the following By-laws which have been prepared and distributed to all residents or lot owners and have been approved by at least fifty-one percent (51%) of all residential or lot owners.

## **ARTICLE 3 – PURPOSE**

The purpose of this Association is to act on behalf of its Members collectively as their governing body in administration, maintenance, repair, and replacement of all those certain parcels of property, together with improvements thereon which are described in and made subject to the "Protective Covenants, Restrictions, Obligations, and Easements for the Summit Park Development," located in Watauga County, North Carolina, shown on the plat of the Development recorded with the Watauga County Register of Deeds.

Any reference to he, his, or him in these By-laws is gender neutral and applies equally to persons of both sexes.

## **ARTICLE 4 – MEMBERSHIP AND VOTING PRIVILEGES OF ALL OWNERS**

### **SECTION 1 – Membership and voting privileges of all owners**

All owners of residences and lots within the Summit Park Development are members of the Association,

Only owners, who pay the full Annual Assessment, shall have voting privileges based on one vote for each residence or lot owned.

### **SECTION 2 – Except as provided, membership shall not be transferable**

## **ARTICLE 5 – MEETINGS OF MEMBERS**

### **SECTION 1 – Unless notified otherwise, all meetings of the Association shall be held in the home of a member**

Meetings of the Members of the Association shall be held in the home of a member or at such other place in Watauga County, North Carolina as agreed upon by the Board of Directors. A notice of the date and the site shall be distributed to each owner at least thirty (30) days prior to the meeting.

### **SECTION 2 – Regular meetings of the Members of the Association**

There shall ordinarily be at least one (1) meeting of the Members of the Association during the calendar year. At this meeting, the Association shall conduct the election of members to the Board of Directors for the upcoming calendar year, and shall give final approval of the budget for the upcoming fiscal year, unless a special meeting has been called to do so. At this meeting the dues & assessment statements, will be provided for the coming year, to all members present. The dues and or basements are due within thirty (30) days of the annual meeting.

This schedule of meetings is subject to change by a fifty-one percent (51%) majority vote of the Members present, represented by one vote per residence or lot, at any regular or special meeting of the Association. Any regular meeting that has to be cancelled by the Board of Directors may or may not be rescheduled as determined by the Board of Directors, but there must be, at least, one meeting per year.

### **SECTION 3 – Requirements for calling a special meeting of Members**

A special meeting of the members of the Association may be called by: (1) The majority vote of members of the Association, either in person and by proxy, at any regularly scheduled meeting, (2) The majority vote of the Board of Directors, or (3) a petition signed by at least thirty percent (30%) of all members entitled to vote. It will be the responsibility of the President or any Director to arrange for a called meeting.

### **SECTION 4 – What shall be included in the notice of a special meeting**

A notice of any special meeting shall state the time, place, and purpose of the meeting. The notice of such a meeting shall be in written form and distributed to each owner at least thirty (30) days prior to the meeting.

### **SECTION 5 – What business can be transacted at a special meeting**

No business shall be transacted at a special meeting of the Association except as stated in the notice thereof, except with the consent of a majority of the Members present, either in person or by proxy, as represented by the one vote per residence or lot.

### **SECTION 6 – What constitutes a quorum for the transaction of business at all meetings of the Members**

Section 6a – A quorum is present throughout any meeting of the Association if persons entitled to cast ten percent (10%) of the votes which may be cast for election of the Board of Directors are present in person or by proxy at the beginning of the meeting.

Section 6b – In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of the majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the declaration or the by-laws, the quorum requirement at the next meeting shall be one-half of the quorum requirements applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted

### **SECTION 7 – Amendments to Covenants and By-laws**

The Covenants may be amended by the affirmative vote of not less than two thirds (2/3) or 67% of the owners of all residences or lots within the Summit Park Development.

The By-laws and Rules and Regulations may be amended by the affirmative vote of not less than a majority (51%) of the owner(s) of all residences or lots within the Summit Park Development.

### **SECTION 8 – Regular meetings of the Board**

A regular meeting of the Board shall be held prior to each annual meeting of the Association. Additional meetings may be held at such time and place as shall be determined by the Directors.

### **SECTION 9 – Compensation of Directors restricted**

Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

## **SECTION 10 – Powers and Duties of the Board of Directors**

The Board of Directors shall have and exercise such powers, duties, and responsibilities as are granted to it by the Covenants and these By-laws. Such powers and duties shall also be exercised in accordance with the Statutes of the State of North Carolina and in accordance with the provisions of applicable law.

The duties and responsibilities of the Board shall include, but not be limited to, the following:

1. To administer the affairs of the Association and the Property as efficiently and as promptly as possible.
2. To make or amend, subject to the approval of the members of the Association, such reasonable rules and regulations concerning the operation and enjoyment of the Property and the facilities as may be consistent with the Covenants and these By-laws, and to publish such rules and regulations.
3. To provide for the operation, maintenance, repair and replacement of the common areas and its facilities within limits set in applicable line items in the annual budget and within the guidelines set for use of the money in the Capital Reserve Fund.
4. The Board shall have no authority to authorize or approve any unbudgeted capital expenditures without securing approval from the members of the Association. Also, the Board shall have no authority to authorize or approve any capital expenditures without securing approval from the members of the Association.
5. To follow the procedure for budget preparation and presentation to the members of the Association.
6. To purchase liability and any other types of insurance coverage necessary for the protection of the Association, its members and employees, and its Directors and Officers.
7. To obtain professional and technical services and to employ independent contractors for such services as may be required to carry out the functions outlined in paragraph 3 above.
8. To oversee all committees as established under Article 8 pertaining to committees.

## **SECTION 11 – Provisions for indemnification of Board members**

Every director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including legal fees and court costs (at all trial and appellate levels) reasonable incurred by or imposed upon him or them in connection with any proceeding, litigation, or settlement in which he may become involved by reason of his being or having been a Director or Officer at the time the event giving rise to such proceeding, litigation or settlement had occurred.

Notwithstanding the above, in the event of settlement, the indemnification provision as stated above herein shall not be automatic and shall apply only when the Board approves such settlement and authorized the reimbursement for the costs and expenses of the settlement as in the best interest of the Association. In instances where a Director or Officer admits to or is adjudged guilty of a wrongful act in the performance of his duties, the indemnification provision as stated above shall not apply

## **ARTICLE 6 – BOARD OF DIRECTORS**

### **SECTION 1 – Number of members on the Board**

The officers of the Association and one member of the Association elected at large.

## **SECTION 2 – Prerequisites to being a member of the Board**

Each director shall be a member of the Association.

## **SECTION 3 – Election of members to the Board of Directors and Member at Large**

Section 3a – A three (3) member nominating committee will be appointed by the President ninety (90) days prior to the annual meeting. The committee shall exclude all current officers. The slate of officers and member at large will be presented at the annual meeting.

Section 3b – Current Board of Directors may serve for more than one (1) year.

Section 3c – At the annual meeting the names of additional candidates may be solicited from the floor and the entire slate will then be submitted for vote by the attending members.

Section 3d – The election will be conducted by ballot vote at the annual meeting of the Association.

Section 3e – Prior to the meeting, the President of the Association shall suggest the names of three members, whose names do not appear on the ballot, to serve as tellers.

Section 3f – The tellers shall appoint one of its members to announce the results of the election.

Section 3g – It shall be the responsibility of this teller to keep the ballots in their possession for a period of thirty (30) days for review by any member of the Association wishing to do so. The ballots shall then be destroyed at the close of this thirty (30) day period.

## **SECTION 4 – Filling a vacancy on the Board**

Any vacancy on the Board arising by resignation, death, or removal from office shall be filled by having the Board of Directors select a member to serve for the unexpired term of his predecessor.

# **ARTICLE 7 – OFFICERS & DIRECTORS**

## **SECTION 1 – Designation of officers**

The officers of the Association shall be elected at the annual meeting for the year by the members and shall consist of a: President, Vice-President, Treasurer, and a Secretary and a member at large.

The office of the President and the Vice-President shall not be held by the same person, nor shall the same person hold the office of President who holds the office of Secretary or Treasurer.

## **SECTION 2 – Power, duties and responsibilities of each representative officer and Director of the Association**

### **1. The President**

The President shall be the chief executive officer of the Association and shall preside at all

meetings of the Board of Directors and of the Association. He will represent the Association in dealings outside of the Property Owner's Association and has the power to appoint committee members.

The President in cooperation with the Secretary shall prepare and make available to each member a printed agenda for all meetings.

## **2. The Vice President**

The Vice President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.

## **3. The Secretary**

The Secretary shall serve as Secretary of the Board and of the Association. Minutes of each Association meeting and each Board meeting shall be made available to members of the Association upon request. A copy of the minutes of each Association meeting and each Board meeting shall be kept for future review as needed.

The Secretary shall issue all notices required by these By-laws.

Any and all motions, recommendations, resolutions, rules, regulations, or policies which are made, seconded, discussed, and voted on shall be written out in full and the Secretary or the President shall read the motion prior to a vote being taken. The entire text of any motion shall be recorded in the minutes or a copy appended thereto because of its length. This policy applies to all the meetings of the Association

## **4. The Treasurer**

The Treasurer shall keep tract of all receipts and disbursements of funds. (See Article 9, Section 2).

# **ARTICLE 8 – COMMITTEES**

## **SECTION 1 – The formation of Committees**

There may be committees of the Members to carry out various functions and activities of the Association. All committees shall be established by resolution of the Board of Directors. Periods of appointment, duties and responsibilities shall be clearly stated in the respective resolution when a new committee is formed.

## **SECTION 2 – How the chairman and the members of each committee are selected**

The Board of Directors will appoint a chairman for each committee. The number of members and the selection of members to serve on each committee are left to the Board's discretion.

### **SECTION 3 – Committees to operate according to the duties and responsibilities set for them**

Each committee shall operate within the parameters of the duties and responsibilities set for it by the Board of Directors.

### **SECTION 4 – Dissolution of committees and resolving conflicts between committees**

Whenever the need for a committee no longer exists, it may be dissolved by a resolution of the Board. If an overlap or conflict of function arises between committees, the Board shall resolve the problem.

## **ARTICLE 9 – FISCAL MANAGEMENT (Duties of the Treasurer of the Association)**

### **SECTION 1 – Fiscal year**

The Fiscal year of the Association shall run from August 1 through July 31.

### **SECTION 2 – Collection of fees and assessments**

#### **Section 2a – Income**

1. Receive, record, and deposit all Association monies in the checking account of the Property Owner's Association.
2. Maintain a record of the payment of the Property Owner's assessment billings, late fees, adjustments, and payments.
3. Enforce delinquency procedure.
4. Administer the established delinquency procedure by charging appropriate late fees (as determined by the Board) and issuing late letters on behalf of the Association. A delinquent notice will be sent after thirty (30) days from the original dues statement date. A second bill will be included at this time. After sixty (60) days, delinquent procedures shall be enforced by the Treasurer and Secretary of the Association.
5. Cooperate with legal counsel on collection matters.

#### **Section 2b – Disbursement procedures**

1. Receive, review, and approve invoices on behalf of the Association.
2. Prepare and disburse checks for payment of approved expenses from Association accounts. The Board shall inspect and/or verify that all work performed by contractors and/or service providers has been satisfactorily performed before payment is made.
3. Maintain monthly disbursements files, which include copies of all invoices with copies of all checks and/or check registers.

#### **Section 2c – Audit**

1. Contract on a periodic basis (as determined by the Board) with an independent certified public accountant on behalf of the Association to prepare a certified audit of the Association books and records.
2. Review and make recommended adjustments to the Association records as outlined in the audit.
3. The complete Audit Report shall be maintained by the Treasurer and reported at the next

annual meeting.

#### **Section 2d – Financial reports**

Prepare and maintain all records necessary to produce the monthly and quarterly financial report.

#### **Section 2e – Budget preparation**

1. The Board of Directors shall prepare a proposed budget for action to be taken on the budget by the members of the Association at the annual meeting.
2. The proposed budget shall be mailed to the members of the Association with the notice of the annual meeting.

#### **Section 2f – Fidelity bonding**

The Board shall maintain a fidelity bond insuring the Association for all funds in accordance with the By-laws.

### **SECTION 3 – Guidelines for administering the finances of the association**

#### **Section 3 – Paragraph 1 – The maximum increase in the Annual Assessment applicable to any calendar year**

The maximum increase in the annual assessment applicable to any calendar year shall not be more than the amount necessary to maintain the standards of the Development and to establish reserve funding for repairs and maintenance (road repair and common ground, etc.).

#### **Section 3 – Paragraph 2 – If the Annual Assessment is deemed inadequate during the course of any fiscal year**

If at any time during the course of any fiscal year the Board shall deem the amount of the annual assessment to be inadequate, it shall prepare a revised budget for the balance of the fiscal year to be submitted to the membership for approval.

#### **Section 3 – Paragraph 3 – Persons authorized to sign checks**

Persons authorized to sign checks shall be determined by the Board.

### **SECTION 4 – Reserve funds**

The Association shall provide Reserve funds for major maintenance and replacement of common area property (roads) and its facilities. This shall be maintained in an interest bearing account.

#### **Section 4 – Paragraph 1 – Where reserve funds may be invested**

Reserve funds are to be invested in a manner best calculated to assure the preservation of capital and availability when needed. The funds shall be invested in one or more of the following:

1. Certificates of Deposit
2. Money Market accounts
3. Treasury CDs



The total of Reserve funds invested in any one financial institution shall not at any time exceed the maximum federal insurance coverage, then in effect as applicable to corporations.

#### **Section 4 – Paragraph 2 – How Reserve Funds may be used**

The Board may not use Reserve funds for any purpose other than what is specified in Sections 2a and 2b of the Covenants – Maintenance of common areas of the Association. Reserve funds shall not be transferred or used as loans for operating expenses except as specifically authorized by the Board.

### **ARTICLE 10 – OCCUPANCY**

The Summit Park Homeowners' Association does not discriminate, based on race, sex, religion, ethnic background or national origin.

### **ARTICLE 11 – RULES AND REGULATIONS**

Rules and Regulations are defined as the guidelines for Community living. The Association shall prepare, print, and distribute information booklets setting forth the Rules and Regulations to all owners. The information shall also be available to all prospective purchasers.

#### **SECTION 1 – Development of Rules and Regulations**

The Board shall amend, add to, and revise the current set of Rules and Regulations as the need arises subject to the approval of the Members of the Association who are entitled to vote. Any and all amendments, additions, or revisions of the current set of Rules and Regulations require at least a majority vote by the members of the Association based on the one vote per residence or lot rule.

### **ARTICLE 12 – ROBERTS RULES OF ORDER**

Roberts Rules of Order shall govern the conduct of the meetings of Summit Park Property Owner's Association when not in conflict with the Protective Covenants and By-laws of the Association and the Statutes of the State of North Carolina

### **ARTICLE 13 – AMENDMENTS**

#### **SECTION 1 – Required number of votes to amend**

These By-laws may be amended by the affirmative vote of not less than fifty-one percent (51%) of all members of the Association entitled to vote in person or by proxy at any meeting. The text of any proposed amendment shall be included in the notice of meeting and such notice shall be distributed to all owners at least fifteen (15) days prior to the date set for action to be taken on the amendment(s) by the Association. Or such vote may be solicited by the Board of Directors by the

Secretary mailing to members a letter stating the substance of the change with an explanation for the need for the change and containing a ballot to be returned: at the end of a thirty (30) day period of time, the Secretary and the President shall calculate the votes for or against the change. Should the change be approved by the number set out herein, the amendment shall be added to the By-Laws, otherwise the amendment shall fail. The result of the vote at a meeting or by mail shall be noted in the minutes of that meeting or at the next meeting for mail in vote. In either case the Secretary shall advise the members the result of the vote.

## **SECTION 2 – Who may propose an amendment**

An amendment to the By-laws may be proposed by any Member of the Association.

## **SECTION 3 – Limitations placed on amendments**

No amendment may be made to these By-laws which shall in any manner, reduce, amend, affect, or modify the terms, conditions, rights and obligations of the Summit Park Homeowners' Association as set forth in the Protective Covenants of Summit Park Homeowners' Association.

## **ARTICLE 14 – PRESERVATION OF RECORDS**

The Board of Directors shall rent a security deposit box in a bank in Boone, NC to keep records pertinent to the operation of the Association. Such records shall include copies of the incorporation papers, the Covenants, the By-Laws, minutes of the meetings of the members, minutes of the meetings of the Board of Directors, annual Treasurers reports, audit reports, contracts, insurance policies, and any other records deemed essential to the continuing efficient operation of the Association. Keys shall be retained by as many members of the Board as banks policy allows, but particularly the President, Treasurer, and the Secretary.