

Claremont Subdivision

Flat Rock, NC

By-Laws

February 4, 2024



BY-LAWS
of
CLAREMONT PROPERTY OWNERS ASSOCIATION, INC.
(Updated February 4, 2024)

ARTICLE I

Name and Location

The name of the corporation is **CLAREMONT PROPERTY OWNERS ASSOCIATION, INC.** hereinafter referred to as the "Association". The principal office of the corporation shall be located in the Claremont Subdivision, Flat Rock, but meetings of members and directors may be held at such places within the State of North Carolina, County of Henderson, as may designated by the Board of Directors.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to Claremont Property Owners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Articles of Incorporation of Claremont Property Owners Association, Inc., and the Bylaws of Claremont Property Owners Association, Inc., and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners, including that real property owned by members, such as roads and streets, ponds, entrance and other areas maintained by the association.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Association" shall mean and refer to Claremont Property Owners Association, Inc., its successors and assigns.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Bylaws.

Section 8. "Majority Vote" shall mean more than half the votes cast once a quorum is established.

ARTICLE III

Purpose

The purpose of the Association is to carry out projects and other activities designed to enhance the safety, beauty and the pleasures of living in Claremont. This includes, but is not limited to maintaining the roads, entrance way, the pond area, and island parks; encouragement of all

owners in the care and maintenance of their respective property. And the creation of common areas which will be owned by the Association and maintained by the members of the Association.

ARTICLE IV

Membership

4.1 Membership Defined. The owner or joint owners of a lot in Claremont Subdivision, whether an individual, partnership, corporation, or otherwise, shall automatically be members of the Association. But no matter how any lot is owned there shall be only one vote per lot in the Association.

4.2 Duration of Membership. A member shall continue to be a member as long as he/she remains the owner of a lot(s) in Claremont Subdivision. (The execution of a deed of trust or mortgage on such lot(s) shall not divest the owner of membership). Execution of a deed conveying a lot in this subdivision, or divesting the owner's title, whether by foreclosure of the deed of trust, foreclosure for taxes, execution sale, or otherwise, shall constitute the consent and conveyance of membership in the Association by the owner, without further compensation by this corporation for any interest in the assets of the association.

4.3 Voting Privileges. Each member of the Association in good standing shall be entitled to one (1) vote for each lot owned in the Claremont Subdivision.

4.4 Responsibilities. The members of the Association, in meeting assembled, shall elect the members of the Board of Directors; shall give general lines of direction to the Board by receiving and acting on reports received from the Board; voting on proposals and expenditures as recommended by the Board; and shall have the sole power to amend the Articles of Incorporation, Bylaws, and Covenants.

ARTICLE V

Meetings

5.1 Annual Meeting. The annual meeting of members shall be held within the month of January for the purpose of electing directors, reviewing the annual report, approving the annual budget, and for the transaction of other business as may come before the meeting.

5.2 Special Meetings. Special meetings of the members for any purpose or purposes may be called by the President or the Board of Directors or by the written request of ten percent (10%) of the members entitled to vote at the meeting; such meeting shall be held in the place designated in the notice of such meeting. Only business mentioned in the notice of a special meeting may be transacted.

5.3 Notice of Meetings. Written notice stating the date, place and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than twenty-one (21) days before the date of the meeting either personally, electronically, by mail or at the direction of the President, Secretary or other officer or person calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall

be deemed to be delivered when deposited in the United States mail addressed to the members at their addresses last listed with the Association as official address of the owners with postage thereon prepaid. Attendance at meetings is strongly encouraged.

5.4 Quorum. A Quorum shall consist of at least twenty-five (25) percent of the membership in good standing at the time of the meeting. The presence of approved written proxies shall be considered present in determining if a quorum exists.

5.5 Proxies. When members' presence at meetings may be precluded due to unavoidable circumstances, e.g. illness or travel distance, written proxies may be submitted to the Secretary of the Association. The Secretary will determine whether a proxy has been properly completed and submitted in order to be counted toward meeting a quorum. The board of directors shall approve a proxy form which shall be used exclusively.

5.6 Procedure of Meeting. Robert's Rules of Order, latest edition, shall be the governing parliamentary law of the Association except as otherwise provided in the Bylaws.

5.7 Elections. Election to the Board of Directors shall be by secret written or electronic ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Bylaws of the Association. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

5.8 Action by Written Ballot. Any action taken at an annual meeting or a special meeting of members may be taken without an in-person meeting if the Association Board delivers a written or electronic ballot to every member in good standing. A written or electronic ballot will identify each proposed action and provide an opportunity to vote for or against each proposed action. All written or electronic ballots will indicate the date and time they will need to be returned in order to be counted. The return of the ballot by a member electronically will constitute conclusive evidence the transmission of the ballot was authorized by the member. Action by written ballot will be consistent with NC General Statute 55A-7-08.

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 annually rules and regulations governing the use of the Common Area and facilities, the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) 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 Bylaws, the Articles of Incorporation, or the Covenants;
- (c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors. Electronic participation does not count as an absence; and
- (d) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) As more fully provided in the Bylaws of the Association, to:
 - (1) establish the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual due date;
 - (2) send written or electronic notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual due date; and
- (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. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause the Common Area to be maintained.

ARTICLE VII

Directors

7.1 Description of the Board. There shall be a Board of Directors consisting of six (6) members of the Association. The terms of the Directors shall be for three (3) years.. Directors will be elected at the annual meeting each year from candidates nominated by a nominating committee appointed by the President and/or by nominations from the members, including self-nomination. The nominees shall be a year-round resident of Claremont. All Directors must be, and remain, members in good standing of the Association. In the event that a vote by the Board is split evenly, the tie will be broken by a vote of the President, Vice-President and Treasurer.

7.2 Directors Liability. No Director of the Corporation shall have any personal liability arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of his or her duty as a director; provided, however, that the foregoing shall not limit or eliminate the personal liability of a Director with respect to (i) acts or omissions not made in good faith that such Director at the time of such breach knew or believed were in conflict with the best interests of the Corporation, (ii) any liability under section 55-A-19 through 55-A24.3 of the North Carolina General Statutes or any successor provision, (iii) any personal benefit, or (iv) acts or omissions occurring prior to the effectiveness of this Article. As used in this Article, the term "improper personal benefit" does not include a Director's compensation or other incidental benefit for or on account of his or her service as a director, officer, employee, independent contractor, attorney or consultant of the Corporation.

Furthermore, notwithstanding the foregoing provision, in the event that Section 55-A-19 through

55-A-24.3 or any other provision of the North Carolina General Statutes is amended or enacted to permit further limitation of elimination of the personal liability of a Director, the personal liability of the Corporation's Directors shall be limited or eliminated to the fullest extent permitted by the applicable law.

This Article shall not affect a charter or Bylaw provision or contract or resolution of the Corporation indemnifying or agreeing to indemnify a Director against personal liability.

Any repeal or modification of this Article shall not adversely affect any limitation hereunder on the personal liability of a Director with respect to acts or omissions occurring prior to such repeal or modification.

7.3 Committees. The Board of Directors may from time to time establish committees to assist in the carrying out of the purposes of the Association.

7.4 Meetings. The Board of Directors shall meet no less than four (4) times during the year. Special meetings may be called by or at the request of the President or any two Directors.

7.5 Notice of Meetings. Notice of any meeting shall be given by electronic or written notice delivered personally, or mailed to each Director at his/her business or home address at least seventy-two (72) hours prior to the meeting. The required notice for a meeting of the Board of Directors may be waived by the unanimous consent of the Directors given verbally, electronically or in writing.

7.6 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

7.7 Conduct of Meeting. The President or in his/her absence the Vice-President, or in their absence any Director chosen by the Directors present shall call a meeting of the board of Directors to order and shall act as chair of the meeting. The secretary of the Association shall act as secretary of all meeting of the Board of Directors. In the absence of the Secretary, the presiding officer may appoint any other person present to act as secretary of the meeting.

7.8 Vacancies. Any vacancy occurring in the Board of Directors may be filled until the next annual meeting by the Directors then in office. All vacancies shall be filled in a manner consistent with North Carolina General statute 55-8-11.

7.9 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 until the next annual meeting

7.10 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.

7.11 Action Taken without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII

Officers

8.1 Selection. Officers of the Association will be selected by and from the Board of Directors within ten (10) days after the election of directors has been held. Officers shall serve during the ensuing year. The officers shall consist of President, Vice-President, Secretary and Treasurer.

8.2 Duties.

(a) The President shall be the chief executive officer and preside at all meetings, appoint committees and represent the Association in matters with the community.

(b) The Vice-President shall assist the President in his/her duties and preside in the President's absence.

(c) The Secretary shall keep minutes of all meetings of the Association and of the Board of Directors, and shall keep in a safe and orderly manner all documents and correspondence of the Association and make distribution of minutes by mail within thirty (30) days to all members in good standing.

(d) The Treasurer shall prepare an annual budget with input from Board members and committees, collect all dues and other income of the Association, make disbursements as authorized by the Board of Directors and be accountable for the funds of the Association. The Treasurer shall keep up-to-date records of the Association's finances as well as a record of the membership in good standing and the votes each may exercise. All disbursement of Association funds shall be by bank check signed by the Treasurer and co-signed by the President or Vice President of the Association.

8.3 Requirements. All officers must be members of the Association in good standing.

8.4 Officers Liability. No officer of the Corporation shall have personal liability arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of his or her duty as an officer; provided, however, that the foregoing shall not limit or eliminate the personal liability of an officer with respect to (i) acts or omissions not made in good faith that such officer at the time of such breach knew or believed were in conflict with the best interests of the Corporation, (ii) any liability under section 55-32 of the North Carolina General Statutes or any successor provision, (iii) any transaction from which such Director derived an improper personal benefit, or (iv) acts or omissions occurring prior to the effectiveness of this Article. As used in this Article, the term "improper personal benefit" does not include an officer's compensation or other incidental benefit for or on account of his or her service as a director, officer, employee, independent contractor, attorney or consultant of the Corporation.

Furthermore, notwithstanding the foregoing provision, in the event that Section 55-7 or any other provision of the North Carolina General Statutes is amended or enacted to permit further limitation or elimination of the personal liability of an officer, the personal liability of the Corporation's officers shall be limited or eliminated to the fullest extent permitted by the applicable law.

This Article shall not affect a charter or Bylaw provision or contract or resolution of the Corporation indemnifying or agreeing to indemnify an officer against personal liability.

Any repeal or modification of this Article shall not adversely affect any limitation hereunder on the personal liability of an officer with respect to acts or omissions occurring prior to such repeal

or modification.

8.5 Removal. Any officer may be removed by a majority vote of the Board of Directors whenever in its judgement the best interest of the Association shall be served.

8.6 Vacancies. A vacancy in any office shall be filled by the Board of Directors until the next annual meeting.

ARTICLE IX

Financial Matters

9.1 Fiscal Year. The fiscal year and budget year of the Association shall be January 1st through December 31st of each year.

9.2 Budget. The Treasurer shall prepare a budget with input from Board members and committees, approved by the Board of Directors, for presentation at the annual meeting of the Association. This Budget shall reflect the entire range of costs incurred by the Association to maintain the land held in common for the recreation, health, safety, welfare and enjoyment of its members, to the best of its ability. These costs shall include, but not be limited to, payment of taxes, insurance, repair, replacement and additions to the improvements made upon the land held in common and the cost of labor, equipment, materials, management and supervision thereof. Copies of the proposed subsequent year's budget shall be mailed to members with notice of the annual meeting.

9.3 Annual Assessment. Upon adoption of the budget each member shall be assessed a pro rata share, or one share per lot, of the entire budget. A statement indicating the amount of the assessment shall be mailed or sent electronically to each member within thirty (30) days after the annual meeting. The assessment will be due and payable in full within 30 days of the due date, which is March 1.

9.4 Special Assessment. A special assessment may be levied by the Association for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the common space if consented to by a majority of the members of the Association. Special assessments shall be due and payable 90 days after the required affirmative vote of the members of the Association.

9.5 Unpaid Assessments. If assessments are not paid within thirty (30) days of the due date, such assessment shall become delinquent and shall, together with interest thereon and cost of collection thereof as hereinafter provided, become a continuing lien on the property which shall bind such property in the hands of the then owner, his/her heirs, devisees, personal representatives and assignees. Such assessment shall also be the personal obligation of the owner of the lot at the time said assessment becomes delinquent, and shall remain his/her personal obligation for the statutory period.

If the assessment is not paid within the 30 days after the due date, the assessment shall bear interest from the date of delinquency at a rate equal to the prime rate on the date of delinquency plus 1% per annum compounded quarterly until paid. The association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the cost of preparing and filing the complaint in such action, and in the event a judgement is obtained, such judgement shall include interest on the assessment, the cost of preparing and filing the complaint in such action and a reasonable Attorney's fee to be fixed by the court together with the costs of the action.

9.6 Loss of Voting Privileges. Failure to pay assessments within thirty (30) days after due date shall automatically suspend the voting privilege until such assessments are paid.

9.7 Audit of Records. The books and records of the Association shall be audited annually. The auditor will be approved by the Board. The audit will be conducted by May 15th following the financial close of the fiscal year. The audit findings and results will be reported to the Board at the next Board meeting and included in the Board meeting minutes. The audit findings and results will be reported to the members at the next Annual meeting.

9.8 Property Owners Construction Bond. In the interest of maintaining the roadways within the development at the minimum cost to lot owners, each Property Owner shall be required to post a cash deposit in the amount of four (4) times the annual assessment with the Treasurer of the Association for each building site upon which the Property Owner will engage in land preparation and building construction. Such cash deposit shall be posted prior to the commencement of land clearance and/or construction. Such deposit bears no interest accruing to the Property Owner.

If within 90 days following completion of construction and occupancy by the lot owner, any and all damage to the roadway, as hereinafter defined, has, in the sole discretion of the Association, been repaired, seventy-five percent (75%) will be refunded to the Property Owner. If such repairs are, in the sole discretion of the Association, unsatisfactory, the Association reserves the right to cause such repairs to be made and to deduct the cost thereof from the refundable portion of the Cash deposit.

For purposes of this section, "Roadway(s)" is defined as that portion of road, roadbed and roadside drainage area on either side of the road affronting the lot(s) upon which a land clearance and/or construction project is proposed.

In the event a Property Owner fails, for any reason to post the required cash deposit, the Association reserves the right to refuse access to any and all roadways within the development to the Owner's General Contractor, his employees, sub-contractors and material delivery vehicles.

ARTICLE X

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 Articles of Incorporation and the Bylaws 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 XI

Protective Covenants

Protective Covenants of Claremont Subdivision dated April 30, 1987 and recorded in the office of Register of Deeds, Henderson County are herewith incorporated as additional Bylaws of the Association.

ARTICLE XII

Rules and Regulations

The Association shall adopt such rules and regulations as may be necessary to accomplish its purposes. Rules and Regulations may be initiated, amended or rescinded at any meeting by a majority vote.

ARTICLE XIII

Amendment of Bylaws

These Bylaws may be amended or repealed and new Bylaws adopted by affirmative vote of two-thirds of all membership entitled to vote under the terms and conditions of the Bylaws then existing. Proposals for any changes of the Bylaws may be initiated by either the Board of Directors or by written request submitted to the Board of Directors and signed by at least 50% of the membership in good standing.

The Bylaws of Claremont Subdivision were declared on March 12, 1991, and have been amended several times. This version incorporates amendments made through February 4, 2024. The original Bylaw documents are recorded with the Register of Deeds for Henderson County, North Carolina. The Amendment documentation can be found in the records / minutes of CPOA.

The location of these documents are listed below.]

Bylaws of Claremont POA_ March 12, 1991_ Book 778, Page 838

Amendments to original Bylaws are recorded as follows:

Section 9.8_ July 1, 1993_ CPOA minutes dated July 1, 1993

Section 7_ October 16, 2017_ CPOA minutes December 7, 2017

Bylaws of Claremont, February 14, 2023, Book 4013, Page 223

Bylaws of Claremont, February 4, 2024, Book 4153, Page 144

[This document is an edited version of the original, trying to keep it as original as possible. The size and type of font has been changed to aid in reading. This version of the original document has been supplied for your reference. Please refer to the original documents to use as facts before any actions are taken relative to the content.]

CPOA Board of Directors, February 4, 2024