



**BYLAWS
OF
DEEP CREEK SHORES OF PERQUIMANS COUNTY
HOMEOWNERS' ASSOCIATION, INC.
A NON-PROFIT CORPORATION
FORMED UNDER CHAPTER 55A OF THE NORTH CAROLINA GENERAL STATUTES**

Contents

Definitions6

Article I. - Identify and Authority8

 1.1 Governing and Legal Documents. 8

Article II. - Qualification and Responsibilities of Members9

 2.1 Members. 9

 2.2 More Than One Owner. 9

 2.3 Registration. 9

 2.4 Prohibition of Assignment. 9

 2.5 Summary of Issues/Complaints/Proposed Motions (ICPM) Resolutions Processes for
 Association Members. 9

 2.6 Meeting Rules. 10

 2.7 Access to Association Records. Per NCGS 55A-16-02(a)..... 10

 2.8 Cost to copy Association records. 10

ARTICLE III - Association Members Meetings and Voting10

 3.1 Place. 10

 3.2 Association Meeting Notices. 11

 3.3 Association Annual Meeting. 11

- 3.3.1 Procedures for Association Members to Submit Issues/Complaints/Proposed Motions (ICPM) Agenda Items for the Association Annual Meeting. 11
- 3.4 Association Special meetings. 11
- 3.4.1 Procedures for Association Members to call for a special meeting of the Association. 12
- 3.5 Quorum; Adjournment if no Quorum. 12
- 3.6 Votes; Association Shall Not Vote. 12
- 3.7 Manner of Casting Votes (Association meetings). 13
- 3.7.1 Voting by ballot. 13
- 3.8 Required Votes. 14
- 3.9 Action by Members Without Meeting. 14
- 3.10 Prohibition of Cumulative Voting. 14
- 3.11 Guest Attendance. 14
- 3.11.1 Occupants/residents may attend Association meetings. 14
- ARTICLE IV - Board of Directors (Board) 15**
- 4.1 Number and Qualifications of Directors. 15
- 4.2 Election of Directors. 15
- 4.3 Board Guiding Principles. 15
- 4.4 Term of Office. 16
- 4.5 Removal. 16
- 4.6 Vacancies. 16
- 4.7 Notice of Board Meetings. 16
- 4.8 Regular Board Meetings. 16
- 4.8.1 Procedures for Association Members to submit Issues/Complaints/Proposed Motions (ICPM) to Board meetings. Regular Board Meetings. 16
- 4.9 Special Board Meetings. 17
- 4.9.1 Procedures for Association Members to request a special meeting of the Board. 17
- 4.10 Board Meeting Executive Session. 17
- 4.11 Quorum; Adjournment if No Quorum. 18
- 4.12 Manner of Acting. 18
- 4.13 Board Action Without Meeting. 19
- 4.13.1 Use of electronic means (including but not limited to: internet, Email and phone (land line and mobile, including text messages) in support of Board actions. 19

4.14 Compensation of Directors Restricted..... 19

4.15 Powers and Duties of Board..... 19

4.16 Chairman of the Board (Chairman)..... 23

ARTICLE V – Officers.....23

5.1 Number..... 23

5.2 Officer/Assistant Officer Guiding Principles..... 23

5.3 Duties of Officers..... 24

5.4 Qualifications..... 25

5.5 Term..... 25

5.6 Compensation..... 25

5.7 Removal..... 25

5.8 Assistance..... 25

5.9 Execution of Agreements, etc..... 25

ARTICLE VI - Fiscal Management.....26

6.1 Depository..... 26

6.2 Fidelity Bonds..... 26

6.3 Annual Review..... 26

6.4 Fiscal Year..... 26

ARTICLE VII - Assessments.....26

7.1 Obligation of Members to Pay Assessments; Amount of Levy..... 26

7.2 Allocation of Common Surplus..... 26

7.3 Preparation of Budget and Levying of Assessment..... 26

7.4 Assessment a Lien..... 27

7.5 Payment of Assessments..... 27

7.6 Lien as Against First Mortgagees..... 27

7.7 Special Assessments..... 27

7.8 Assessment Roll; Certificate..... 28

7.9 Default and Enforcement..... 28

7.10 Interest on Delinquent Assessments..... 28

7.11 Common Expense..... 29

ARTICLE VIII - Compliance, Enforcement, Fines and Penalties29

- 8.1 Default and Remedies..... 29
- 8.2 Lot Owner responsibility and liability..... 29
- 8.3 Notice of Default and Failure to Cure..... 30
- 8.4 Recovery of Attorney’s Fees and Costs..... 30
- 8.5 Nonwaiver of Covenants..... 30

ARTICLE IX - Revision.....31

- 9.1 Method of Revision..... 31
- 9.2 Revision Approval..... 31

ARTICLE X - General Provisions.....31

- 10.1 Rules and Regulations (R&Rs) See Enclosure 3..... 31
- 10.2 Parliamentary Authority..... 32
- 10.3 Uniform Application..... 32
- 10.4 Conflict..... 32
- 10.5 Tax Exempt Status..... 32
- 10.6 Records Retention Policy..... 32

Enclosure (1) - Financial Procedures and Controls34

Enclosure (2) - Records Retention Schedule.....38

Enclosure (3) - Rules and Regulations42

- 1. Lot Owner Contact Information..... 42
- 2. Common Areas/Area..... 42
- 3. Common Area Usage..... 42
- 4. Public use of DCS roads..... 43
- 5. Lot Recombination..... 43
- 6. Review and Approval of Lot Improvement and Construction plans..... 44
- 7. Undeveloped lot improvements in preparation for construction..... 45
- (Board/County governed.)..... 45
- 8. Residence, Outbuilding and fence construction..... 46
- 9. Building Setbacks:..... 47
- 10. Allowable Homes..... 47

- 11. Residence (temporary or permanent). 47
- 12. Outbuildings/Sheds/Barns and Detached Garages..... 47
- 13. Fencing: 48
- 14. Waterfront Construction. 49
- 15. Easements:..... 49
- 16. Property Line Markers within the Common Areas and street easement. 50
- 17. Signs. 50
- 18. Flags and Holiday Decorations/Displays. 50
- 19. Tractors. 51
- 20. Trucks. 51
- 21. Use of unlicensed/unregistered vehicles on DCS roads. 52
- 22. Animals allowed at DCS: 52
- 23. USPS Standards for Residential Mailboxes: 53
- 24. DCS Stormwater Permit #SW7000908 (hereafter referred to as the "Permit"), issued by NC Department of Environment and Natural Resources, Division of Water Quality..... 53
- 25. Lot Recombination Letter Formats: 54
- Index 58**
- Document History 59**

Definitions

As used in the declaration, bylaws, and rules and regulations unless specifically provided otherwise.

- (1) “Articles of Incorporation”. The Articles of Incorporation identifies the Association as a nonprofit corporation. The Articles are filed with the Secretary of State and contain the Association’s name, duration, purposes and powers, membership, directors, tax status, and registered office and agent.
- (2) “Bylaws”. HOA bylaws are the set of rules or guidelines related to the operation of the HOA Board. HOA Bylaws generally contain the definitions of offices and committees involved with the Board of Directors. The bylaws also include guidelines on voting rights, meetings, notices, and other activities involved with the operation of the HOA.
- (3) “Covenants, Conditions & Restrictions (CC&Rs or Declaration)”. The Declaration of Covenants, Conditions & Restrictions defines the contractual obligations of the HOA. The CC&Rs form part of the association’s governing rules. It contains guidelines on how the Association and its Board of Directors should govern to protect the interest of the Association and its members. The CC&Rs also contains the guidelines on the members’ obligations as well.
- (4) “Dwelling”: A building or portion thereof designed, arranged, or used for permanent living quarters. The term “dwelling” shall not be deemed to include a travel trailer, motel, hotel, tourist home, or other structures designed for transient residence.
- (5) “Fiduciary Responsibility”. Fiduciary responsibility refers to the ethical and moral obligation of the Board to make decisions for the benefit of everyone in the community in a fair and prompt manner.
- (6) “Governing/Legal Documents”. The following documents are known as the governing/legal documents: Declaration of Covenants, Conditions & Restrictions (CC&Rs); Bylaws and Rules and Regulations; Articles of Incorporation; Plats of Survey and Easement Agreements; North Carolina General Statutes, and other Federal, State and County legal, regulatory or governing documents as may be amended or superseded from time to time.
- (7) “Living Space”. Sometimes referred to as “heated living area” or “heated square footage” is space that is intended for human occupancy. Living space when referenced in the governing documents is defined using the same definition published by the North Carolina Real Estate Commission which reads as follows:
 - a. Heated by a conventional heating system or systems (forced air, radiant, solar, etc.) that are permanently installed in the dwelling – not a portable heater – which generates heat sufficient to make the space suitable for year-round occupancy;
 - b. Finished with walls, floors and ceilings of materials generally accepted for interior construction (e.g., painted drywall/sheet rock or paneled walls, carpeted or hardwood flooring, etc.) and with a ceiling height of at least seven feet, except under beams, ducts,

etc. where the height must be at least six feet four inches [Note: In rooms with sloped ceilings (e.g., finished attics, bonus rooms, etc.) you may also include as living area the portion of the room with a ceiling height of at least five feet if at least one-half of the finished area of the room has a ceiling height of at least seven feet.]

- c. Directly accessible from other living area (through a door or by a heated hallway or stairway).
- (8) “Outbuildings”. Defined by the State of North Carolina as a structure subordinate to but not connected with the primary residence on a parcel of property. This may include a shed, garage, barn, cabana, pool house or cottage.
 - (9) “Single family residential dwelling”. Single Family Residential Dwelling means a developed property which serves the primary purpose of providing a permanent dwelling unit to a single family.
 - (10) “Transient”. Transient occupancy means occupancy when it is the intention of the parties that the occupancy will be temporary.

Article I. - Identify and Authority

These are the Bylaws, which include Financial Procedures and Controls, Records Retention Schedule, and the Association Rules and Regulations of Deep Creek Shores of Perquimans County Homeowners' Association, Inc. ("Association"), a North Carolina nonprofit corporation, the Articles of Incorporation ("Articles") which have been filed in the office of the North Carolina Secretary of State.

For purposes of these Bylaws, terms specifically defined in the Declaration of Covenants, Conditions and Restrictions ("Declaration") of the Association shall have the same meaning herein.

Per NC General Statutes § 47F-3-103(a) "Except as provided in the declaration, in the bylaws, in subsection (b) of this section, or in other provisions of this Chapter, "the executive board" (DCS Board of Directors) "may act in all instances on behalf of the Association". In the performance of their duties, officers and Members of the executive board shall discharge their duties in good faith. Officers shall act according to the standards for officers of a nonprofit corporation set forth in G.S. 55A-8-42, and Members shall act according to the standards for directors of a nonprofit corporation set forth in G.S. 55A-8-30".

1.1 Governing and Legal Documents.

The following Governing/Legal documents were used to develop the DCS Bylaws. All references in these Bylaws, to any provision of the North Carolina General Statutes, and other Federal, State and County legal, regulatory or governing documents mean those as may be amended or superseded from time to time.

- North Carolina General Statute Chapter 47F (NC Planned Community Act) North Carolina General Statute Chapter 55A (NC Nonprofit Corporation Act)
- DCS's Declaration of Covenants, Conditions and Restrictions (hereafter referred to as the "Declaration")
- The Articles of Incorporation of Deep Creek Shores of Perquimans County Homeowners' Association, Inc. (05/10/2002)
- Deed, Deep Creek Shores 10/18/2002
- The Bylaws of Deep Creek Shores of Perquimans County Homeowners' Association Inc. (current revision)
- Perquimans County Subdivision Regulations (current revision)
- DCS's Stormwater permit #SW7000908 (10/30/2000)
- Perquimans County Zoning Ordinance. (Current revision)
- NCAC 15A 07H-1200 - NC Administrative Code for construction of piers and docking facilities.
- U.S. Postal Service STD-7B, mailbox standards
- NCAC 19A 2E.0404, NC Administrative Code for mailbox supports
- NC Residential Code, Appendix G (Barriers for Pools, Spas & Hot Tubs)

- These Governing/Legal documents are available on the DCS website (www.deepcreekshores.com).

Article II. - Qualification and Responsibilities of Members

2.1 Members.

Each lot owner shall be a Member of the Association and shall remain a Member until he/she ceases to be a lot owner.

2.2 More Than One Owner.

When there is more than one owner of a lot, all such persons shall be Members of the Association.

2.3 Registration.

It shall be the duty of each lot owner to register and update his/her: name, lot number, home mailing address, home/mobile telephone number, work telephone number (if applicable), and e-mail address (if applicable) with the Secretary of the Association. The Member shall with the same registration or update indicate the e-mail address or mailing address where notices of Association business shall be sent to the Member. **Email is the primary means to communicate Association correspondence.**

Members may continue to receive Association correspondence via U.S. Mail by sending a request to the Association Secretary. If a lot owner does not so register or update, the Association shall be under no obligation to recognize his/her Membership, and/or, his/her votes (in-person/proxy/ballot) on Association business. A reminder to update contact information will be included in annual assessment letters.

2.4 Prohibition of Assignment.

The interest of a Member in the Association assets cannot be transferred or encumbered except as an appurtenance of his/her lot.

2.5 Summary of Issues/Complaints/Proposed Motions (ICPM) Resolutions Processes for Association Members.

The following sections, Article III Association Members Meeting and Voting, and Article IV Board of Directors include the "legal" language addressing Association Member interaction with the Board during the ICPM resolution process. There are four actions, detailed in Articles III and IV, Association Members may take to address ICPM with the Association including the Board of Directors (Board). Please refer to DCS Governing/Legal documents (Para. 1.1) before addressing ICPM. Members are reminded that Board Members are always available to discuss issues/complaints/proposed motions and options going forward.

2.6 Meeting Rules.

Association Members, occupants/residents of Member’s dwelling, and guests attending Board meetings and/or Annual/Special meetings of the Association are obligated to follow the following meeting rules:

- A. Attendees will conduct themselves with proper decorum.
- B. Attendees will be asked to limit their remarks to the specific topic being discussed.
- C. Attendees will direct their comments to the meeting Chairman.
- D. The meeting Chairman may set time limits for each speaker and total time allocated for each issue to be discussed.
- E. Attendees will not speak ill of anyone.
- F. Attendees are cautioned not to identify lot owners by name to avoid liability violations.
- G. Topics which are properly the subject of closed board executive sessions may not be discussed during open Association meetings.
- H. Attendees should be advised that the board is open to hear Member’s comments, but it is not the practice of the board to respond, take action, or alter the agenda of the meeting. Board Members may ask clarifying questions to be certain they understand the speaker.
- I. Only Board Members and invited Officers will attend the executive session portion of Association meetings.
- J. Attendees will be asked to leave if they violate any of the above meeting rules.

2.7 Access to Association Records. Per NCGS 55A-16-02(a).

“A Member is entitled to inspect and copy, at a reasonable time and location specified by the Board, any of the records of the Association described in G.S. 55A-16-01(e) if the Member gives the Association written notice, sent to the Chairman with copy to the Secretary, of Member’s demand at least five business days before the date on which the Member wishes to inspect and copy.”

2.8 Cost to copy Association records.

Except for required annual reports, the Board may impose a reasonable charge covering the costs of labor and material, for producing for inspection or copying any records provided to the Member. The charge shall not exceed the estimated cost of production or reproduction of the records.

ARTICLE III - Association Members Meetings and Voting

3.1 Place.

Meetings of the Members shall be held at the registered office of the Association, or such other place within Perquimans County, North Carolina as may be designated from time to time by the Board.

3.2 Association Meeting Notices.

Notice of all meetings stating the time and place and accompanied by a complete agenda (including, when appropriate, ICPM details and Board comments/recommendation) thereof, shall be given by the Chairman of the Board (Chairman), President or the Secretary to each Member. Such notice shall be e-mailed or sent by United States mail to the Member's address indicated in the records of the Association's Secretary. Notice shall be sent not less than 10 nor more than 60 days in advance of any scheduled meeting. (47F-3-108-(a)).

3.3 Association Annual Meeting.

Members shall meet at least once each year (normally the first Saturday in December) as specified in the notice of such meeting given pursuant to Section 3.2. At each Annual meeting, the Members shall elect Members of the Board, consider ratification of the budget, and may transact any other business properly coming before them. If the proposed Annual meeting agenda includes Membership vote on other than Board Members and the budget, the proposed meeting agenda and justification will be Emailed to the Membership not less than 10 days nor more 60 days in advance of the Annual meeting date.

3.3.1 Procedures for Association Members to Submit Issues/Complaints/Proposed Motions (ICPM) Agenda Items for the Association Annual Meeting.

Proposed Annual meeting agenda items must be submitted (via Email, US mail or hand delivery) to the Chairman, President or Secretary for review and research not less than 45 days before the Annual meeting date. Submissions must include the ICPM to be presented and detailed justification. The Chairman forwards ICPM to the Board for consideration. The Board will review the submission and forward recommendations to the President. If required, the President will designate a Board Member to contact submitting Member for clarification and/or additional information identified during BOD review. If required, BOD reviews new information provided by submitting Member and forwards recommendations to the Chairman. Chairman may:

- A. Add issue to agenda, or
- B. Table the issue until BOD clarification and or information requests are satisfied; submitting Member will be notified of decision prior to issuance of the final meeting agenda.
- C. See § 3.4 through 3.9

3.4 Association Special meetings.

Special meetings of the Members may be called at any time by the Chairman, President, a majority of the Directors or by lot owners having demonstrated to the Board support for their issue by ten percent (10%) of the votes in the Association. Special meeting notices shall be transmitted to all Members per §3.2. No business shall be transacted at a special meeting except that which is stated in the notice thereof. (47F-3-108-(a); 55A-7-02(d)).

3.4.1 Procedures for Association Members to call for a special meeting of the Association.

Members calling for a special meeting per § 3.4 must submit (via Email, US mail or hand delivery) to the Chairman, President or Secretary sufficient details of the ICPM to allow the board to review/research/resolve prior to transmitting the notice of the meeting to the Association. The Chairman may:

- A. Resolve: Board and submitting Member agree to a resolution to the issue. Chairman may authorize an electronic meeting, which allows issue(s) discussion and Board vote on the issue(s), via electronic means (Email, video teleconference, or other available electronic communications). Board decision to be posted in next Board meeting minutes.
- B. Issue Association Meeting Notice per §3.2. The Notice will include: adequate information to support vote decisions; Board assessment of issue's effect on the community and specific wording of the motion(s) to be presented at the meeting.
- C. Table the issue until all required information needed to properly inform Association Members is available to the Board.

3.5 Quorum; Adjournment if no Quorum.

- A. 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 Directors are present in person or by proxy at the beginning of the meeting.
- B. In the event business cannot be conducted at any Association meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the declaration or the bylaws, the quorum requirement at the next meeting shall be one-half of the quorum requirement 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. (47F-3-109-(c)).

3.6 Votes; Association Shall Not Vote.

The total votes in the Association are determined by the number of lots. Each lot is entitled to cast two (2) votes. Recombined lots are entitled to more than two votes as detailed in the Declaration Amendment dated October 19, 2020, Paragraph 16, Section 22 Recombination of Lots. The votes allocated to a lot may be cast by the lot owner of that lot. If only one of the multiple owners of a lot is present at a meeting of the Association, the owner who is present is entitled to cast the votes allocated to that lot. If more than one of the multiple owners are present, the votes allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the multiple owners. Majority agreement is conclusively presumed if any one of the multiple owners casts the votes allocated to that lot without protest being made promptly to the person presiding over the meeting by any of the other

owners of the lot. The Association shall not be entitled to cast the votes allocated to any lot owned by it. (47F-3-110-(a) & (d)).

- A. Results of votes cast during any Association meeting or by ballot will be recorded by the Secretary in the meeting/next meeting minutes and filed in Association records.
- B. Association Members are authorized access to voting records per § 2.7.
- C. Voting results are not public information (not made available to non-Members).

3.7 Manner of Casting Votes (Association meetings).

Votes may be cast in person or by proxy. Lot owners who choose not to attend an Association meeting may designate a proxy to vote in their stead. A proxy must be in writing and must be dated and signed by the submitting lot owner. The votes which are subject to the proxy may be given only to another owner of the lot, or to another Member of the Association, or to a security holder in that lot. The proxy must be hand delivered by the submitting lot owner or sent via US Mail to and filed with the Secretary of the Association before the meeting. A proxy terminates 11 months after its date, unless it specifies a shorter term. (See 47F-3-110 for additional proxy details). Issues requiring a vote by the Membership will be included in the meeting agenda and the vote will follow the following procedures:

- A. Member makes the motion.
- B. Another Member seconds the motion.
- C. The Chairman states the question on the motion. This action opens the motion for debate.
 - (1) E.g., Mr. Jones has made a motion to require all lot owners to have only a white mailbox.
- D. Members debate the motion. During the debate the Chairman may recognize non-Members to allow them to express their questions, concerns or comments.
- E. The Chairman puts the question (puts it to a vote).
 - (1) E.g., The question is on the adoption of the motion to require all lot owners to have only a white mailbox; Those in favor of the motion, say aye and raise their hand; followed by; Those opposed, say no and raise their hand.
- F. The Chairman announces the result of the vote.
- G. The Secretary will record the number of votes (including proxies) for and against the motion.
- H. The recording of how each Member (by name) voted at any Association meeting is authorized only if a motion to do so is presented to the Chairman prior to a vote and approved by all Members present at the meeting.

3.7.1 Voting by ballot.

Any action that may be taken at a meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter that (1) sets forth each proposed action; and (2) provides an opportunity to vote for or against each proposed action. The number of votes cast by ballot must equal or exceed the quorum required to be present at a meeting

authorizing the action, and all solicitations for votes by written ballot must indicate the time by which the ballot must be received by the Association to be counted. The Board may extend the time by which ballots must be received if additional time is required to verify ballot receipt by all Members plus sufficient time to return the ballot for counting. All DCS ballots will contain two (2) or more votes. If only one Member votes and signs the ballot the vote is binding for all votes allocated to the lot. (NCGS § 55A-7-08 & 55A-7-21). Ballots will be counted by the President and one Board Member. Ballots will be retained in Association records per Enclosure (2).

3.8 Required Votes.

All questions shall be decided by a majority constituting a quorum of the votes cast on the question unless the provisions of applicable law, the Declaration, or these Bylaws require a greater vote.

3.9 Action by Members Without Meeting.

Any action that may be taken at a meeting of the Members may be taken without a meeting if such action is: authorized in writing setting forth the action to be taken; signed by all entitled Members; and included in the minutes or Association records, or if such action is taken in any other manner permitted by law. "Authorized in writing" may be satisfied via electronic means.

3.10 Prohibition of Cumulative Voting.

There shall be no cumulative voting.

3.11 Guest Attendance.

Association meetings are for Members, occupants and residents only. However, the Board, from time to time, may invite guests to attend Association meetings to provide assistance or information or for other tasks as defined by the Board.

- A. Only Board approved guests may attend Association meetings.
- B. If Association Members require the assistance of guests for issues they are presenting to the Board or at an annual meeting, they must:
 - (1) Request the Board's approval for guest attendance.
 - (2) Provide to the Board, at least 10 days prior to the meeting date, justification for the guest attendance.
 - (3) Ensure the attending guest is familiar with the meeting rules (see §2.6), and that the rules apply to Members, occupants, residents and guests.

3.11.1 Occupants/residents may attend Association meetings.

Occupants/residents of lot owners' dwelling(s) may attend Association meetings provided they notify the board 10 days prior to the meeting date.

ARTICLE IV - Board of Directors (Board)

4.1 Number and Qualifications of Directors.

The Board shall consist of not less than three (3) nor more than nine (9) natural persons as determined at any annual meeting by the Members. Each Director shall be a lot owner or the individual nominee of a lot owner when such owner is other than an individual.

4.2 Election of Directors.

At each annual meeting, the Members (with each lot having two votes (recombined lots will cast the number of votes allocated in Declaration Amendment dated October 19, 2020, Paragraph 16, Section 22 Recombination of Lots) shall elect the Directors, to fill positions open for election, by a majority of the votes cast in the election.

4.3 Board Guiding Principles.

By accepting a position on the Board of Directors, Directors agree to be guided by the following principles:

- A. To attend and participate in all meetings and communications to the best of their ability.
- B. To respect parliamentary procedure at all meetings; to refrain from speaking out of turn; to participate in a business-like manner; and abide by the Meeting Rules detailed in § 2.6.
- C. To maintain confidentiality with respect to the board's executive session meetings, including any related discussions or other communications.
- D. To accept the board's decisions even if I disagree, because I understand there may not be unanimous support for every action taken by the board.
- E. To promote the goals and interests of the Association in a constructive manner, and not to create unnecessary conflict among the homeowners.
- F. To disclose to the board any financial conflicts of interests.
- G. To do all possible to ensure that the Association's finances are well managed.
- H. To uniformly enforce DCS Governing/Legal and other legal/governing documents (see Para. 1.1).
- I. To relate to the Board of Directors relevant comments and suggestions from Association Members, contractors and local officials related to Association business.
- J. To place the best interests of the Association above my personal interests; the interests of a particular homeowner; or the interests of a faction of homeowners.
- K. To resign from the Board if it becomes impossible to agree to support the above guiding principles.

4.4 Term of Office.

Director's term of office is (2) two years. Director positions are staggered by (1) one year to allow for continuity.

4.5 Removal.

Notwithstanding any provision of the Declaration or Bylaws to the contrary, the lot owners, by a majority vote of all persons present and entitled to vote at any meeting of the lot owners at which a quorum is present, may remove any Member of the Board with or without cause. A successor may then be elected by the Members to serve for the balance of the removed Director's term. A Director is automatically removed if he/she fails to attend three consecutive meetings of the Board or is delinquent in the payment of assessments. (47F-3-103-(b)).

4.6 Vacancies.

The BOD may unilaterally fill vacancies in its Membership for the unexpired portion of any term, and a Director so elected shall serve for the unexpired term of his/her predecessor in office.

4.7 Notice of Board Meetings.

Except in the case of a special meeting called in an emergency situation as set forth below, notice of all Board meetings, including agenda and location, shall be provided to all Association Members by Email or U.S. mail at least fourteen (14) days in advance of the meeting. The Board shall provide lot owners an opportunity to attend a portion of a meeting and to speak to the Board about their issues or concerns. The Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak. (47F-3-108).

4.8 Regular Board Meetings.

Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Final notice of regular meetings shall be given to each Director, personally or by email not less than five (5) days prior to the meeting.

4.8.1 Procedures for Association Members to submit Issues/Complaints/Proposed Motions (ICPM) to Board meetings. Regular Board Meetings.

Association Members may submit to the Chairman or President (via Email, US mail) or in person to any Board Member a request to add an agenda item to the next Board meeting to address their ICPM. Request must be submitted not less than 10 days prior to any Board scheduled meeting. The Chairman forwards ICPM to the Directors for consideration. Directors submit their comments/recommendations to the President within 5 days. If required, President will designate Board Member to contact submitting Member for clarification and/or additional information identified during Board review. If required, Board reviews new information provided by submitting Member and forwards recommendations to the Chairman. Chairman may:

- A. Add issue to Agenda; submitting Member invited to attend meeting.
- B. Table the issue until Board clarification and or information requests are satisfied; submitting Member will be notified of decision prior to issuance of Board meeting agenda.
- C. See §§ 4.9, 4.9.1, 3.3.1 and 3.4.1.

4.9 Special Board Meetings.

Special meetings of the Board shall be called by the Chairman, President or by the Secretary after written request thereof, signed by two (2) Directors is received by the Chairman, or the President or the Secretary, and shall be held within thirty (30) days after such written request therefore is received. Not less than five (5) days of notice of such special meeting shall be given personally or by Email or U.S. Mail to each Director and Association Member; provided that in the case where the Chairman determines that an emergency exists, a special meeting may be called by giving such notice as soon as is possible under the circumstance. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

4.9.1 Procedures for Association Members to request a special meeting of the Board.

For routine inputs to the Board, see § 4.8.1. Association Members may submit (via Email or US mail) or hand delivered to any Board Member requests for a special meeting of the Board by submitting their issue/complaint/proposed motion (ICPM) to the President, Chairman, or Secretary (with signed request by two directors). Submitting Member must attend the meeting. If unable to attend, the Chairman may table the ICPM or postpone the meeting as required. Submitting Member must submit sufficient details of their ICPM to allow the Board to prepare for the meeting. If insufficient information is submitted, the Chairman may table the issue until sufficient information is available. With Board and submitting Member approval, Chairman may authorize an electronic meeting, which allows issue(s) discussion and Board vote on the issue(s), via electronic means (Email, video teleconference, or other available electronic communications). Results of the Special Meeting will be included in the next scheduled Board meeting minutes.

4.10 Board Meeting Executive Session.

When necessary, Board meetings may include a closed executive Session. Executive sessions will be attended only by board Members and invited officers, members or guests. Legitimate reasons for closing a meeting generally concern issues that—if discussed in an open Association meeting—could violate privacy laws or harm or cause embarrassment to the Association or another party. Executive session discussions will not be included in open session minutes unless approved by the Board or action (a vote) is taken which effects Association Members. Valid reasons for going into closed session include but are not limited to:

- A. Consulting with the Association counsel regarding legal issues;
- B. Discussing litigation or prospective litigation either by the Association or against the Association;
- C. Reviewing personal information that is confidential or should not be generally known, such as

- delinquencies in homeowner Association assessments;
- D. Conferring about contracts or property purchases;
- E. Reviewing Association employees or personnel issues;
- F. Handling disciplinary matters or rules violations by Association Members.

4.11 Quorum; Adjournment if No Quorum.

A quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent (50%) of the votes on that board are present at the beginning of the meeting. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. See also § 3.5(A) & (B).

4.12 Manner of Acting.

Each Board Member shall be entitled to one vote. The vote of a majority of the Board members present at a meeting shall constitute the act of the Board unless the act of a greater number is required by the provisions of applicable law, the Declaration, or the Bylaws.

- A. Except in the case of an emergency, votes on any action before the Board must be included in the Board meeting agenda.
- B. Board meeting voting procedures: Unless modified by the Chair, the following procedures will be followed:
 - (1) A Board Member makes the motion.
 - (2) Another Board Member seconds the motion.
 - (3) The Chairman states the question on the motion. This action opens the motion for debate. During the debate the Chairman may recognize non-Board Member attendees to allow them to express their questions, concerns or comment.
 - a. E.g., Mr. Jones has made a motion to require all lot owners to have only a white mailbox.
 - (4) Board Members debate the motion.
 - (5) The Chairman puts the question. (Puts it to a vote)
 - a. E.g., The question is on the adoption of the motion to require all lot owners to have only a white mailbox; Those in favor of the motion, say aye; followed by; Those opposed, say no.
 - (6) The Chairman announces the result of the vote.
 - (7) The Secretary will record the number of votes for and against the motion.
 - (8) The recording of how each Board Member (by name) voted at any Board meeting is authorized only if a motion to do so is presented to the Chairman prior to a vote and approved by all Board Members present at the meeting.

4.13 Board Action Without Meeting.

Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is: authorized in a writing setting forth the action taken; signed in approval by all of the Directors; signed as being witnessed by the Chairman, President and Secretary of the Association; and included in the next Board meeting minutes. Actions taken at the meeting must receive a majority favorable vote by the Board Members. "Authorized in writing and Signed" may be satisfied via electronic means and emails must be included in Association records.

4.13.1 Use of electronic means (including but not limited to: internet, Email and phone (land line and mobile, including text messages) in support of Board actions.

The Board is authorized use of electronic means for: review of Member motion/issue or complaint; sharing of data between Board Members in preparations for meetings or resolution of Member motion/issue or complaint; review/comment/input to the President and Chairman for communications to Association Members; and voting on Board business if an electronic vote has been approved at a previous regular or special meeting.

4.14 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.

4.15 Powers and Duties of Board.

All of the powers and duties of the Association shall be exercised by the Board, including those existing under common law, applicable statutes, the Declaration, the Articles, and these Bylaws, as any thereof may, from time to time, be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, the Articles, and these Bylaws, and shall include, but not be limited to, the following:

- A. To prepare and provide to Members reports containing, at least the following:
 - (1) Not more than 75 days after the close of the fiscal year, the Board will approve and the Secretary will forward to all Association members:
 - a. The last fiscal year's annual budget.
 - b. An annual income and expense statement and balance sheet generated by the Association's accounting software for the last fiscal year per the requirements of NCGS §47F-3-118 (a). This may be accompanied by notes or a letter of explanation when warranted.
 - c. A statement on the independent Certified Public Accountant (CPA) general 3rd party review of the Association's financial records.
 - d. A statement of any unbudgeted or unusual expenses in excess of two thousand five hundred (\$2,500.00) dollars incurred during the last fiscal year or anticipated by the Association during the current or future fiscal year(s).

- e. A statement of any portion of the Reserve account designated for any specified project by the Board.
 - f. A statement of the status of any pending suits or judgments in which the Association is a party.
 - g. A statement of the insurance coverage provided by the Association.
 - h. A statement of any unpaid assessments payable to the Association, identifying the total number of lots delinquent in paying assessments and the amount of the unpaid assessments.
 - i. The current year's budget including Reserves Requirements.
 - j. Reporting year tax report
- (2) Quarterly Financial Status (see Enclosure 1, paragraph 20).
- (3) The following will be provided/and or presented at the annual Association meeting.
- a. Review of the current fiscal year-to-date budget vs. performance as of the end of the previous quarter.
 - b. Review of the next fiscal year's board-approved budget. This will be forwarded to Association members not less than 10 days prior to the annual meeting date at which time the membership will vote to ratify it.
 - c. A statement of any capital expenses anticipated by the Association during the current or future fiscal year or made during the previous fiscal year.
 - d. The prior fiscal year will not be reviewed unless association member(s) requests it at least 45 days in advance of the annual meeting. All related documents were distributed to the membership on or before March 15.
- B. Adopt and amend budgets for revenues, expenses, and reserves and collect assessments for common expenses from lot owners.
- (1) Draft and approve a Contingency/Periodic Maintenance reserve plan in support of the annual budget process.
 - (2) Draft a proposed annual budget detailing all proposed revenues, expenses and reserves.
 - (3) Submit proposed annual budget to lot owners at the annual meeting for approval/ratification.
 - (4) Adjust annual assessments or issue special assessments to maintain reserve funds totals at the amount approved by the Board. Assessments to attain approved reserve totals may be spread over more than one budget cycle. Issue special assessments per Governing/Legal documents as determined by the Board.
 - (5) Collect assessments from lot owners for common expenses.
 - (6) Except for expenses required to maintain, repair and/or replace any of the common elements, submit an amended budget for approval for proposed expenditure in excess of two thousand five hundred dollars (\$2,500).
 - (7) Board spending authority includes:

- a. All budgeted line items.
 - i. Board Members and officers tasked to manage budget line-item actions are authorized to spend allocated funds without further Board authorization provided expenditures do not exceed approved funding.
 - b. All expenses budgeted and unbudgeted related to the maintenance, repair and/or replacement of any common elements.
 - c. Unbudgeted capital expenses less than \$2,500.
 - d. Unbudgeted, unexpected expenses or other Association legal/verified liabilities. Examples may include insurance policy deductible, legal settlement expenses, attorneys' fees, etc.
 - e. Emergency storm debris cleanup to include but not limited to:
 - i. trees/debris on DCS Common elements.
 - ii. Trees/debris on the road drainage/utility easement if lot owners have not completed cleanup by the Board specified date. See § 7.7
 - iii. (NOTE: Lot owners are responsible for cleanup of trees/debris on their lot, including the road drainage/utility easement.)
- C. Regulate the use, maintenance, repair, replacement, and modification of the common elements;
- (1) The Association is responsible for causing the common elements to be maintained, repaired, and replaced when necessary and to assess the lot owners as necessary to recover the costs of such maintenance, repair, or replacement. Each lot owner is responsible for the maintenance and repair of his/her lot and any improvements thereon. Each lot owner shall afford to the Association and when necessary to another lot owner access through the lot owner's lot reasonably necessary for any such maintenance, repair, or replacement activity.
 - a. The annual mowing contract will pertain to the common elements and the drainage and utility easement between the road right-of-way and the tree line (20' beyond the right-of-way). The utility easement was added to the mowing contract to allow unrestricted access to buried community power, water and communications lines.
 - (2) If a lot owner is legally responsible for damage inflicted on any common element, the Association may direct such lot owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible lot owner.
 - (3) If damage is inflicted on any lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the lot owner for the cost of repairing such damages. The Association shall also be liable for any losses to the lot owner. 47F-3-107-(a)-(c)
 - (4) To cause additional improvements to be made as a part of the common elements. However, budget line items for improvements which has the effect of obligating the Association to a payment or other liability in the amount shown in paragraph 4.15(B)(6) or

more shall be approved by a majority of votes cast by Members at Annual/Regular or Special Association meetings. 47F-3-102-(7)

- D. To adopt and amend Bylaws and to establish reasonable penalties for infraction thereof. 47F-3-102-(1) and 47F-3-102-(12)
- E. To enforce the provisions of the Declaration, Articles, Bylaws and the actions of the Board by all legal means, including injunction and recovery of monetary penalties, and After notice and an opportunity to be heard, impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to lots) for reasonable periods for violations of the Declaration, Articles, and Bylaws of the Association. 47F-3-102-(12)
- F. To hire and discharge managing agents and other employees, agents and independent contractors and to delegate to such agents such powers as the Board shall determine, except such as are specifically required by the Declaration, the Articles, these Bylaws, or the Act, to be done by the Board or the Members. 47F-3-102-(3)
- G. Make contracts and incur liabilities; 47F-3-102-(5)
- H. To institute, defend, intervene in, or settle any litigation or administrative proceedings in its own name, on behalf of itself or two (2) or more lot owners, on matters affecting the common area, or to enforce the Declaration.
- I. To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.
- J. To borrow money (subject to § 4.15(B)) for the maintenance, repair, replacement, modification or improvement of common elements and to pledge and pay assessments, and any and all other revenue and income, for such purposes.
- K. To buy lots (subject to § 4.15(B)) in foreclosure of an assessment lien, or at any other time or for any other reason, and to sell, lease, mortgage, and otherwise deal in lots from time to time owned by the Association.
- L. To impose and receive payments, fees and charges for the use, rental or operation of the common area other than portions of the common area which provide access to the lots.
- M. To grant leases, licenses, concessions and easements through and over the common elements.
- N. Provide for the indemnification of and maintain liability insurance for its officers, directors, employees, and agents (47F-3-102-(14))
- O. To impose late fee/penalty not to exceed the greater of \$20.00 per month or 10% of any assessment installment unpaid, plus any past-due assessment or installment thereof bears interest at the rate of 18% per year and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of 30 days or longer. 47F-3-102-(11), 47F-3-115-(b) and 47F-3-116.
- P. The Association may establish a schedule of fines for the violation of the Governing/Legal documents including the Declaration, the Articles, Bylaws and Rules and Regulations, consistent with the provisions of the Planned Community Act as provided in the Declaration Amendment

dated October 19, 2020, Paragraph 3, Section 4 Remedies for Violations.

- Q. Assign its right to future income, including the right to receive common expense assessments; 47F-3-102-(15)
- R. Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association; and
- S. Exercise any other powers necessary and proper for the governance and operation of the Association.
- T. Retain Association Records per §10.6 and Enclosure (2).

4.16 Chairman of the Board (Chairman).

The Chairman shall be the presiding officer at Board meetings and at Association meetings (unless he shall direct the President to preside at Association meetings). He shall be elected by the Board from its Membership and shall serve as Chairman during his/her Director term and may serve successive terms as Chairman. He/she shall have a tie-breaking vote in all matters before the Board.

ARTICLE V – Officers

5.1 Number.

The Association shall have at least three Officers: A President, a Secretary and a Treasurer. The Association may have such other Assistant officers as are deemed necessary, including a Vice president, if desired by the Chairman, President and/or Board.

5.2 Officer/Assistant Officer Guiding Principles.

By accepting an Officer/Assistant Officer position, Officers and Assistant Officers agree to be guided by the following principles:

- A. To attend and participate in all meetings and communications to the best of their ability.
- B. To respect parliamentary procedure at all meetings; to refrain from speaking out of turn; to participate in a business-like manner; and abide by the Meeting Rules detailed in § 2.6.
- C. To maintain confidentiality with respect to the Board’s executive session meetings, including any related discussions or other communications.
- D. To accept the board’s decisions even if there is disagreement, with the understanding that there may not be unanimous support for every action taken by the board.
- E. To promote the goals and interests of the Association in a constructive manner, and not to create unnecessary conflict among the homeowners.
- F. To relate to the Board of Directors relevant comments and suggestions from Association Members, contractors and local officials related to Association business.
- G. To disclose to the board any financial conflicts of interests.
- H. To abide by DCS Governing/Legal documents.

- I. To place the best interests of the Association above any personal interests; the interests of a particular homeowner; or the interests of a faction of homeowners.
- J. To resign if it becomes impossible to agree to support the above guiding principles.

5.3 Duties of Officers.

Each Officer has, consistent with these Bylaws, the authority and duties prescribed by the Board or by direction of an Officer authorized by these Bylaws to make an appointment.

- A. In general, the President shall assist the Board to ensure that the decisions of the Board are executed. In addition, the President shall attend all meetings of the Board and the Association. At such meetings, the President shall make such reports on the activities of the Association as he determines should be made, or as required by the Board. Such reports shall be in person or by an Officer designated by him regarding activities of the Association. The President shall have general supervision over the officers in the management of the business and affairs of the Association and shall see that all actions and resolutions of the Board are carried into effect.
- B. In general, the Secretary shall assist the President and the Board to ensure that the decisions of the Board are executed. The Secretary shall attend all meetings of the Board and the Association and shall make such reports as required by President or the Board. The Secretary shall take care that a written record of all actions taken by the Board, by the Association or the Officers on behalf of the Association are preserved and shall have the authority to authenticate such records and action taken. The Secretary, in conjunction with the Treasurer, shall take care that all financial transactions of the Association shall be recorded in his/her records. The Secretary shall keep an official record of the name and addresses / phone numbers / Email address of each lot owner / Association Member as each is required to give as set forth above. The Secretary shall keep the minutes of all meetings and actions of the Board and of the Members; shall give all required notices to the Directors and Members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a Secretary of a corporation; and shall perform-such other duties that are required by the Board or the President.
- C. In general, the Treasurer shall assist the President and the Board to ensure that the decisions of the Board are executed. The Treasurer shall attend all meetings of the Board and the Association and shall make such reports as required by the President or the Board. The Treasurer shall take care that a written record of all financial actions and decisions taken by the Board, by the Association or the Officers on behalf of the Association are preserved. The Treasurer shall have custody of all intangible property of the Association including funds, securities, and evidences of indebtedness; shall keep the books of the Association in accordance with good accounting practices and principles and, upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Board for examination and approval; shall deposit all monies and other valuable effects in depositories designated by the Board; shall disburse funds of the Association as directed by the Board; and shall perform all

other duties incident to the office of Treasurer.

- D. In general, Assistant Officers shall perform such duties as set forth by the President and/or Board. Assistant Officer job description/s will be added to this document when appropriate.

5.4 Qualifications.

All Officers must be at least twenty-one years of age. An Officer shall assume his/her respective office upon the approval of the Board.

- A. Each Officer and Assistant Officer shall be a lot owner or the individual nominee of a lot owner which has been approved by the Board or President.
- B. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the Association.
- C. The President or Board shall have the authority to make appointments of Assistant Officers. When the President does so, he must give notice of this appointment and the appointees proposed duties to the Chairman who shall then have the authority to veto this appointment. If such veto is not forthcoming within five (5) days after the Chairman receives the notice, the Assistant Officer may then assume his/her respective office.

5.5 Term.

Officers shall serve upon the approval and at the pleasure of the Board for so long as the Board shall deem fit.

5.6 Compensation.

The Board may pay an Officer or an Assistant such reasonable compensation as the Board may deem fit for services rendered to the Association.

5.7 Removal.

An Officer or Assistant Officer may be removed, with or without cause, by the Board. An Assistant Officer may be removed, with or without cause, by the President or Chairman of the Board.

5.8 Assistance.

An Officer, upon the specific approval of the Board, shall have the authority to retain such persons or firms as the Officer shall deem necessary to assist the Officer in the performance of his/her duties. The Officer shall be responsible for oversight of such persons or firms.

5.9 Execution of Agreements, etc.

All agreements, deeds, mortgages, or other instruments shall be executed by any two (2) Officers or by such other person or persons as may be designated by the Board.

ARTICLE VI - Fiscal Management

6.1 Depository.

The Board shall designate a depository for the funds of the Association and may change such depository. Withdrawal of funds from such depository shall be only as directed by the Board. See Enclosure (1).

6.2 Fidelity Bonds.

Fidelity bonds shall be maintained by the Association in an amount determined by the Board, covering each Director and officer of the Association, any employee or agent of the Association, and any other person handling, or responsible for handling, funds of the Association.

6.3 Annual Review.

- A. **In accordance with NC 47F-3-118(a) and our Bylaws, Article 4.15 A., sections (1) and (2), not later than 75 days after the close of the fiscal year, the financial statements, documents and disclosures listed thereon shall be forwarded to all Association Members.**
- B. **An Independent Third-Party Review of the accounts of the Association shall be made annually by a certified public accountant. The final review will be sent to the Board by the President and distributed to all Association Members not later than 75 days after the close of the fiscal year.**

6.4 Fiscal Year.

The fiscal year of the Association shall be the calendar year provided that the Board, from time to time, by resolution, may change the fiscal year to some other designated period.

ARTICLE VII - Assessments

7.1 Obligation of Members to Pay Assessments; Amount of Levy.

Each lot owner shall be personally and severally liable for the assessments that are levied against his/her lot while a lot owner.

7.2 Allocation of Common Surplus.

After approval of the budget at the annual meeting, any surplus funds remaining after payment of common expenses, the funding of reasonable operating expenses and prepayment of reserves, shall be paid to the lot owners in proportion to their common expense liabilities, or credited to them to reduce their future common expense assessments.

7.3 Preparation of Budget and Levying of Assessment.

For each fiscal year the Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the common expenses, together with amounts considered necessary by the

Board for reserves. After preparation and adoption of each such budget, the Board shall provide each Member of the Association with a copy and shall give each Member notice of the assessment made against that Member's lot based upon such budget and may also state the interest and fines to be charged on delinquent payments thereof. The assessment shall be deemed levied upon the giving of such notice.

7.4 Assessment a Lien.

Every assessment shall constitute a lien upon each lot assessed as set forth in the Declaration, superior to all other liens except only: real estate taxes and other governmental assessments or charges against the lot; liens and encumbrances recorded before the recordation of the Declaration and § 7.6 below.

7.5 Payment of Assessments.

Assessments shall be payable when notice thereof is given but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Payments shall be made to the Association or as the Board may, from time to time, otherwise direct.

7.6 Lien as Against First Mortgagees.

The lien of assessments shall not be superior to the lien of a first mortgage.

7.7 Special Assessments.

In addition to the assessments levied pursuant to Section 7.3, the Board, in its discretion, may levy special assessments at such other and additional times as, in its judgment, are required for:

- A. Maintenance, repair, restoration and reconstruction of the common areas.
- B. Alterations, improvements, and additions to the common areas; provided, however, that any such special assessment involving an expenditure in excess of the amount stated in paragraph 4.15.b.(6) shall be first approved by a majority of a quorum of the Members entitled to cast votes in the Association at a regular or special meeting of the Association.
- C. Storm debris. Storm debris removal responsibility may range from individual lot owner, to Association, to County, to State, to FEMA or any combination of all available assistance. Lot owners are responsible for cleanup and debris removal on their lot. The Association is responsible for cleanup and debris removal on the common areas. Depending on the severity of the storm and the assistance available, when communications are restored, the Board may:
 - (1) Notify lot owners of the damage to their lot and or property.
 - (2) Advise lot owners of assistance available and actions being taken by government assets to remove debris.
 - (3) Following government debris removal, the BOD will notify lot owners who have not cleared the street drainage /utility easement area, of their responsibility to remove debris by the specific date indicated on the notification generated by the BOD.

- (4) If after notification, lot owners who have not removed debris from the street drainage/utility easement will receive notification that the BOD may take action which may include but is not limited to imposing fines (up to \$100 per day), suspension of community privileges or services and/or include hiring a contractor to remove the debris and assessing the lot owner for the full cost of debris removal.

7.8 Assessment Roll; Certificate.

All assessments shall be set forth upon a roll of the lots, which shall be available in the office of the Association for inspection at all reasonable times by Members and security holders and their duly authorized representatives. Such roll shall include, for each lot, the name and address of the Member or Members, all assessments levied, the date of such assessment and the amount of all assessments unpaid. The Association, upon written request, shall furnish to a lot owner or his/her authorized agent a certificate setting forth the amount of unpaid assessments currently levied against his/her lot. The certificate shall be furnished within seven (7) business days after receipt of the request and shall be binding upon the Association and all lot owners. For such certificate, a reasonable fee may be charged by the Board.

7.9 Default and Enforcement.

See also NCSG §47F-3-116. If any assessment, or installment thereof, remains delinquent, then that assessment, and all other assessments then a lien against the lot, may be declared by the Board to be immediately due and payable in full, with interest, and may be collected as provided by the Declaration, the Articles or the North Carolina General Statutes (including, but not limited to, an action for foreclosure). Provided, the defaulting Member shall be given opportunity to be heard as provided by Article VIII herein. All fees, late charges, cost of collection, attorney's fees, fines or interest levied or collected by the Association in connection with any unpaid assessments shall have the same priority as the assessment to which they relate.

- A. If any action is taken by the Association to foreclose a lien on a lot because of unpaid assessments, the lot owner shall be required to pay a reasonable rent for the use of the lot during the period of redemption from such foreclosure and the Association shall be entitled to the appointment of a receiver to collect the same.
- B. In addition to the foregoing, and without waiving its lien, the Association may sue to obtain a money judgment for the amount of any delinquent assessment, or installment thereof, together with interest, penalties, fines and fees, and the Members so sued and liable for such assessment shall pay costs of collection, including reasonable attorney's fees, with interest thereon at the same rate as charged on the assessments being collected from the dates incurred until paid.

7.10 Interest on Delinquent Assessments.

Assessments, or installments thereof, paid before they become delinquent, shall not bear interest; but all delinquent sums shall bear interest at the rate set forth in the notice levying the assessment, not

exceeding the rate of interest allowed by the law (18%), from the date delinquent until paid. If no interest rate is set forth in such notice, such interest rate shall be the maximum allowed by law. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

7.11 Common Expense.

Common expense shall mean and include all sums declared common expenses by any specific provision of these Bylaws or the Declaration, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the property until the lots are separately assessed; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; utility charges not charged directly to lot owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding; deficits remaining from any prior assessment period; the cost including fees and interest, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds costs imposed upon the Association or any part of the common elements or the property by, or incurred by, the Association as a result of the performance, enforcement or amendment of any agreement or easement to which the Association is a party or to which the common elements or property, or any part of either thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association.

ARTICLE VIII - Compliance, Enforcement, Fines and Penalties

8.1 Default and Remedies.

If any owner or such owner's heirs, successors, assigns, tenants, occupants, or licensees shall violate or attempt to violate any of the provisions of the Planned Community Act, the North Carolina Nonprofit Corporation Act (Chapter 55A of the North Carolina General Statutes, the "Nonprofit Corporation Act" or 55A"), and/or the Governing/Legal documents, except as hereinafter provided, it shall be lawful for the Association or any other owner to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions of the Planned Community Act, the Nonprofit Corporation Act, and/or DCS Governing/Legal documents, either to prevent such owner from such activity or action, and/or to recover damages or other dues for such violation.

8.2 Lot Owner responsibility and liability.

When occupants/residents of a lot owner/s' dwelling are not Association Members (lot owners), the lot owner: (1) is responsible to inform their occupants/residents of their responsibility to comply with the terms, conditions, obligations and provisions of the Association Governing/Legal documents (Declaration, Bylaws, and Articles); (2) will be held responsible and liable should their occupants/residents fail to comply with the Association Governing/Legal documents.

8.3 Notice of Default and Failure to Cure.

In the event of any such default or failure, the Board shall serve upon or mail to the defaulting Member a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be affected. Within the time limit specified in the notice, the defaulting Member may cure the default specified, or serve upon or mail a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting Member a notice specifying the time and place of such meeting for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deems necessary or desirable. The Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting Member and the first mortgagee (if any), The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing such testimony, the Board, at the hearing or at such later time, shall determine, in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, or to proceed immediately to levy a fine or penalty, or to exercise anyone or more of the remedies available to the Board due to such default. The Board shall serve upon or mail to the defaulting Member, and to the first mortgagee which was entitled to notice of the default as above provided, a copy of its determination. If the defaulting Member (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so-requests a hearing, but fails to cure the default (to the extent not waived by the Board) within the extended time, if any, granted by the Board after-hearing, then the Board shall serve upon or mail to the defaulting Member a written notice of such Member's failure to effect cure, and the Board may then proceed to take such action as it deems necessary to obtain relief.

8.4 Recovery of Attorney's Fees and Costs.

See Declaration Amendment dated October 21, 2020, Paragraph 3, Section 4 Remedies for Violations.

8.5 Nonwaiver of Covenants.

The failure of the Association or of any Member thereof to enforce any term, provision right, covenant, or condition that may be granted by the Declaration, these Bylaws, the Articles, as the same may from time to time be amended, shall not constitute a wavier or abrogation of the rights of the Association or a Member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

ARTICLE IX - Revision

9.1 Method of Revision.

Any Lot Owner may submit proposed Bylaw revisions to the Board for review and consideration. Proposed revisions to these Bylaws shall be presented to the Board, at any scheduled Board meeting, by a Board Member designated by the Chairman. See also §4.8.1.

9.2 Revision Approval.

Bylaw revisions must be approved by a majority of votes cast by a quorum of the Board. (47F-3-106-(6))

ARTICLE X - General Provisions.

10.1 Rules and Regulations (R&Rs) See Enclosure 3.

- A. **By the Board.** The Board may promulgate from time to time such R&Rs as it deems reasonable and necessary to: Provide clarification of items contained in the governing/legal documents; identify issues governed/enforced by the Board or other State and/or County authorities; provide enforceable guidance, R&Rs to protect the property value of all lot owners; prevent conflicts between lot owners; address issues presented and approved by the Board; govern the administration, management, operation, and the use of the common areas so as to promote the common use and enjoyment thereof by lot owners and occupants and for the protection and preservation thereof.
- (1) Rules will be reviewed at each Board meeting to determine the need for new rules and/or modification or deletion of existing rules. Review will include Association Member inputs per § 4.8.1. When, based on the review, a R&Rs revision is approved, a draft revision will be developed and forwarded to the Chairman.
- (2) Board meeting decisions will be forwarded to Association Members in the meeting minutes. The board may: issue a revision to the R&Rs; or, if there is sufficient disagreement within the Board or Association, call a Special meeting of the Board or Association and/or add the issue to the Associations Members Annual meeting agenda. (See §§ 4.8.1 and 4.9.1).
- B. **By the Association.** Any such rule and regulation adopted by the Board may be amended, modified, or revoked, and new and additional R&Rs may be adopted, by Members at a Regular or Special meeting of the Members (See §§ 3.3.1 and 3.4.1 for procedures). Any such act of the Members shall control over any contrary rule and regulation then or thereafter adopted by the Board.

10.2 Parliamentary Authority.

Robert's Rules of Order, Current Revision, shall govern the conduct of Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, or any statutes of the State of North Carolina applicable thereto. The chairman of the meeting shall have the authority to appoint a parliamentarian.

10.3 Uniform Application.

All DCS Governing/Legal documents (Declaration of Covenants, Conditions and Restrictions; Articles of Incorporation; Bylaws including these R&Rs) shall be equally and uniformly applicable to all lot owners, occupants and lots.

10.4 Conflict.

In the case of any conflict between the provisions of these Bylaws and the Declaration, the Declaration shall control. If any term/provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

10.5 Tax Exempt Status.

No part of the net earnings of the organization shall inure to the benefit of its Members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations with similar purposes or to one or more organizations which are exempt as organizations described in Section 501 (c) (3) of the Internal Revenue Code of 1986.

10.6 Records Retention Policy.

- A. **Purpose.** To document the length of time Deep Creek Shores Homeowners Association (DCSHOA), a NC Non-Profit Corporation, maintains documents. The length of time for keeping a document depends on the action, expense, or event which the document records. Generally, you must keep your records that support an item of income, deduction or credit shown on your tax return until the period of limitations for that tax return runs out.
- B. **Statement of Policy.** In accordance with NCGS 47F (NC Planned Community Act) §47F-3-118 and NCGS 55A (NC Nonprofit Corporation Act) §55A-16, this policy provides for the systematic review, retention, and destruction of documents received or created by DCSHOA in connection with the transaction of Association business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept, and how records should be destroyed (unless under a legal hold). The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records, and to facilitate DCSHOA's operations by promoting efficiency

and freeing up valuable storage space.

- C. **Responsibility.** The purpose of this Policy is to ensure that necessary records and documents of the DCSHOA are adequately protected and maintained in Dropbox (with backup on the Association's hard drive) by Directors and Officers (see Enclosure (2)) and to ensure that records that are no longer needed by DCSHOA or are of no value are discarded at the proper time. This Policy is also for the purpose of aiding Directors and Officers (D&Os) of DCSHOA in understanding their obligations in retaining electronic documents - including e-mail, Web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files.

D. **Procedure:**

- (1) The law requires HOAs to maintain certain types of records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject D&Os and DCSHOA to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place DCSHOA in contempt of court, or seriously disadvantage DCSHOA in litigation.
- (2) DCSHOA expects all D&Os to fully comply with any published records retention or destruction policies and schedules, provided that all D&Os should note the following general exception to any stated destruction schedule: If you believe, or the Chairman informs you, that Association records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until the Board determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records.
- (3) From time to time the Board may establish retention or destruction policies or schedules for specific categories of records to ensure legal compliance, and to accomplish other objectives. Several categories of documents that bear special consideration are identified in Enclosure (2). While minimum retention periods are suggested, the retention of the documents identified in Enclosure (2) and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention identified above, as well as any other pertinent factors. Destruction of records must be approved by the Board.

Enclosure (1) - Financial Procedures and Controls

- 1) The Board is responsible for Association financial procedures and controls. The President shall see that all actions and resolutions of the Board, including those in this enclosure, are carried into effect. (Bylaws 5.3.A.)
- 2) Appoint a Board member or Assistant Officer to conduct a periodic independent review of the Association's bank statements, financial records, accuracy of the financial reports and report findings to the Board. (President)
- 3) Appoint Board Member or Assistant Officer to develop a Contingency/Periodic Maintenance Reserves Plan (Chairman)
- 4) Treasurer and President will be authorized signers on all Association financial accounts with the understanding by the President that the Treasurer will perform all transactions unless requested by the Treasurer or on the rare occasion when the Treasurer is not available, the President may pay expenses using operating and/or reserve account checks provided by the Treasurer.
- 5) Treasurer must have prior authorization (US mail or Email) from the President for:
 - a) Any check more than \$2,500. The authorization must be filed in the Association records.
 - b) All transfers from the reserve account to the operating account. The authorization must be filed in the Association records.
- 6) Treasurer and President will have on-line access to all bank account information including any Association loans, CD's and business saving accounts. Only the Treasurer and President will have access to Operating and Reserve account checks.
- 7) All Association electronic financial records and accounting software files will be maintained on a protected computer. (Treasurer)
- 8) All Association electronic financial records will be backed up to an off-site cloud storage facility (Dropbox) that is fully accessible only by the Treasurer, the President, the Board Member or assistant Officer assigned by the President to conduct independent review of Association financial records and the Dropbox Administrator. This will be done daily (if opened) to Dropbox so we will have an up-to-date copy of our data available for any testing and Board review. All Association Financial paper records will be stored on site and retained per Bylaws, Enclosure (2) (Treasurer)
- 9) All Association files in Dropbox including the Association's accounting software backups will be backed up monthly on the Association's external hard drive. (President or HOA Dropbox Administrator)
- 10) Association Financial records, including the Association's accounting software data, will be fully accessible only by the Treasurer, President and the Board member or assistant Officer assigned by the President to conduct independent review of Association financial records.
- 11) Maintain adequate records of all bills and receipts in a manner which allows review at any time by the auditor and the Board. (Treasurer)
- 12) Create and maintain an "operating" checking account for the sole purpose of depositing revenue and payment of expenses in accordance with the approved operating budget. (Treasurer)

- 13) Create and maintain a "reserve" checking account for the sole purpose of tracking reserve contributions and expenses in accordance with the reserve plan. Funds for payment of expenses from this account, per authorization of the President, are transferred from the reserve account to the operating account in accordance with the approved Reserve Plan or as directed by the President. (Treasurer)
- 14) Classify all transactions "revenue, expense and journal entries" in the Association's accounting software as either "Operating" or "Reserve" based on the Approved Operating Budget and the Approved Reserve Plan. (Treasurer)
- 15) When reserve cash becomes underfunded, the next year's proposed budget will contain line item/s to replenish reserves back to the level approved by the Board. (Board)
- 16) Accounting software, used by the Treasurer and, designated Board member or assistant Officer will be acquired and paid for by the Association and when installed registered as owned by DCSHOA. The Association's accounting software will only be used for Association financial records management. Software will be updated when no longer supported by the developer or is expiring.
- 17) To ensure continuing operations when the Treasurer is unable to maintain the financial records of the Association, a licensed copy of the Association financial software used will be provided to a designated Board Member or assistant Officer who:
 - a) Is required to coordinate with the treasurer for all issues related to the Association's accounting software.
 - b) will have access to the Association's accounting software unless otherwise authorized by the Board.
- 18) When directed by the President:
 - a) Task 3rd party Certified Public Accountant (CPA) to perform an independent review of the Association's bank statements, financial records, accuracy of the financial reports. (Treasurer)
 - i) Report findings to President. (CPA)
 - ii) Report findings to the Board at the next quarterly Board meeting. (Board Member or assistant Officer designated by the President or as directed by the Board, see paragraph 2)
 - iii) Include results of the independent financial review in the next Board meeting minutes (Secretary)
- 19) Quarterly/Monthly:
 - a) Quarterly, for the 1st quarter then monthly, transfer Association financial (Bank or other financial institution statements for Operating and Reserve Checking, CDs, Business Saving and loan accounts, CDs) data into the Association's accounting software. Reconcile data. (Treasurer)
 - b) Monthly, post copies of the monthly bank statements to Dropbox where they will be accessible by all HOA Board Members and Officers. (President)
- 20) Periodic Board meeting: Provide to Board Members and Officers via e-mail, not later than five (5) days before each Board meeting, a report to the Board on the year-to-date financial activities based upon the most recent bank statements and internal accounting documents. Report, as provided by the Association's accounting software, should include: See paragraph 28. (Treasurer or designated authorized Board Member)

- i) Board approves report/s at periodic meeting
 - ii) Include Report/s with minutes (Secretary)
 - iii) Post approved report/s to Dropbox after meeting (Treasurer or designated authorized Board Member)
 - iv) Retain report(s) per Enclosure (2) (Treasurer)
- 21) Provide quarterly financial statements to all board members via email.
- a) Board approves reports via email.
 - b) Secretary sends approved quarterly financial reports to membership.
 - c) Post approved reports to Dropbox. (Treasurer or designated authorized board member)
 - d) Retain report(s) per enclosure (2). (Treasurer)
- 22) 01 January: Mail assessments and contact information update notices to all lot owners. Payment is due February 15th. (Treasurer)
- a) The letter will state that a late fee/penalty of 10% per month and interest of 18% per year will be added to any assessments not remitted by February 15th. (Treasurer)
 - b) March 15th. Send second letter, for any unpaid assessments. (Treasurer)
 - c) April 15th. Send third and final letter stating that a lien will be filed on May 31st if not paid. Letter must state a lien will be filed against the lot if assessments, interest and penalties are not paid by May 31st. Letter to be sent by registered or certified mail, return receipt requested, addressed to the party to be served, and delivering to the addressee. (Treasurer)
 - d) Each letter will include late fees/penalties and interest 18% per year as prescribed by our legal documents. (Treasurer)
 - e) Treasurer has penalty abatement authority for any current year penalties and interest for payments received by March 31st.
 - f) Review and approve all draft assessment and contact update letters before they are issued. (Board)
- 23) File all required tax returns timely and provide copies to Dropbox. Report annually to the Board. (Treasurer).
- 24) May 15th. Issue an uncollected assessments report to the Board listing lot owners who have not paid their assessments and are 90+ days late. (Treasurer)
- 25) May 31st. File a lien including penalties and interest calculated based on provisions of our legal documents and Lien must include language from 47F-3-116(c), specifically "THIS DOCUMENT CONSTITUTES A LIEN AGAINST YOUR PROPERTY, AND IF THE LIEN IS NOT PAID, THE HOMEOWNERS ASSOCIATION MAY PROCEED WITH FORECLOSURE AGAINST YOUR PROPERTY IN LIKE MANNER AS A MORTGAGE UNDER NORTH CAROLINA LAW." (Secretary)
- 26) Annually: Hire an independent Certified Public Accountant (CPA) to conduct a general 3rd party review of the Association's records and prepare the year end reports. (President)
- a) The CPA's draft review will be sent to the Treasurer for review.
 - b) The draft will be further reviewed by the designated authorized Board Member.
 - c) Any anomalies or discrepancies will be discussed with the President.
 - d) The Final review will be sent to the Board by the President.

- 27) Annual Meeting: Brief the Association on the first three quarters of the current year and provide a projection for year-end. Present the coming year Operating Budget and Reserve Plan. (Treasurer or designated authorized Board Member)
- 28) Periodically review Association bank accounts to ensure that we consider taking advantage of any interest-bearing offers (CD's or savings) from the bank. (Board)
- 29) Report format (from the Association's accounting software):
 - a) Monthly: No Reports
 - b) Quarterly:
 - i) Treasurer's Report
 - ii) Balance Sheet
 - iii) Statement of Income and Expenses
 - iv) Reserve activities report
 - v) Assessments Due
 - vi) Foreclosures
 - c) Annually:
 - i) Provide Association members with the items listed in section 4.15 A. (1) and (2) of our Bylaws no later than March 15.
 - ii) Provide Association members with the items listed in section 4.15 A. (3) at the Annual Meeting.

Enclosure (2) - Records Retention Schedule.

<u>Type of Record & (Responsibility)</u>	<u>Retention Period *</u>
<u>ACCOUNTING (Treasurer)</u>	
Auditor's reports/work papers	Permanent
Bank deposit slips	3 years
Bank statements, reconciliations	7 years
Budgets	2 years
Canceled checks, generally	7 years
Cash disbursements journal	Permanent
Cash receipts journal	Permanent
Depreciation records	3 years*
Assessment schedules	2 years*
Financial statements (annual)	Permanent
Financial statements (interim/internal)	3 years
General journal or ledger	Permanent
Inventory lists	3 years
Invoices	3 years
Electronic data (e.g., the Association's accounting software/Dropbox)	7 years
<u>CORPORATE RECORDS (Secretary)</u>	
Annual reports	Permanent
Articles of Incorporation	Permanent

Declaration of Covenants, Conditions & Restrictions and revisions.	Permanent
Bylaws and revisions.	Permanent
Rules and Regulations and revisions.	Permanent
Qualifications to do business	Permanent
Minutes and resolutions (Board and Committees with Board authority)	Permanent
Minutes (Committees without Board authority)	3 years
Newsletters	3 years
Authorizations and appropriations for expenses	3 years
Policies and procedures, generally	For life of policy/procedure
Contracts, generally	10 years*

Electronically Stored Documents & Email (Board members and Officers)

Electronically stored documents and Email comprising or relating to a particular document or Email otherwise addressed in this Schedule should be retained for the same period as the document or Email which they comprise or to which they relate. (e.g., Board online votes)

INSURANCE (Treasurer)

Accident Reports	6 years
Insurance Claims	6 years*
Insurance Policies	6 years*

REAL ESTATE (Treasurer)

Leases	10 years*
--------	-----------

Purchases, including title abstracts, opinions, insurance policies, sales agreements, mortgages, deeds 20 years after sale

Completed Lot Recombinations Permanent

STATEMENTS OF POLICY/POSITION (President)

Policy statements For the life of the document

Testimony and final comments on rulemakings and legislation Permanent

Press releases 1 year, except if retained for historical archive purposes

Drafts, comments, etc. prepared in the policy or comment development process Until publication of the document to which it relates

TAXES (Treasurer)

Annual information and/or income tax returns and canceled checks (federal, state and local) Permanent

Property tax returns Permanent

Sales and use tax returns 4 years

GENERAL (President)

Supporting correspondence and notes regarding patents, copyrights, licenses, agreements, bills of sale, permits, contracts, liabilities, etc. For life of principal document which it supports

Correspondence not relating to other categories 1 year

Marketing and promotional materials, including brochures, Web site content	For the life of the materials to which it relates
Consents and "opt-out" request for facsimile and email solicitation	For life of consent or request
Historical archives (e.g., presidential speeches)	Permanent

STANDARDS MATERIALS (Secretary)

Adopted standards	Permanent
Proposed standards, ballots, comments, etc.	For life of standard to which it relates

LEGAL (Secretary)

Claims and litigation files where Association is a party	10 years*
Documents related to third-party subpoenas	30 days after final resolution of underlying action

* An asterisk ("*") following a number signifies that the retention period begins after final determination, payment, settlement, expiration, termination, decision, etc.

Enclosure (3) - Rules and Regulations

DCS Rules and Regulations (R&Rs) purpose:

- Provide clarification of items contained in the governing/legal documents.
- Identify issues governed/enforced by the Board or other State and/or County authorities.
- Provide enforceable guidance, rules and regulations: to protect the property value of all lot owners; to prevent conflicts between lot owners; for issues presented and approved by the Board.
- Govern the administration, management, operation, and the use of the common areas so as to promote the common use and enjoyment thereof by lot owners and occupants and for the protection and preservation thereof.

1. Lot Owner Contact Information.

(Board governed). Per the Bylaws, lot owners must provide and update their contact information (name/address/phone number/email address) to the Association Secretary.

2. Common Areas/Area.

(Board governed).

- A. Common Area: The "Common Area" includes the Common Area Lot (between Lot 51 and Old Cypress Landing), Boat Dock and Boat Launch Ramp.
- B. Common Areas: The "Common Areas" include: The Common Area and the street rights-of-way for Sophie's Way and Roberta Drive. The street right-of-way is 50' wide and includes the road surface, shoulder and most of the ditch.
 - (1) Modifications to the Common Areas must be approved by the Board. Modifications include, but are not limited to: addition of driveway/culvert for lot access; mailbox/support installation; signs; parking of vehicles for extended periods (overnight or greater than 24 hours).
 - (2) Common Areas modification requests may be submitted to any Board member who will submit the request to the Board for consideration.

3. Common Area Usage.

(Board Governed). Lot owners, occupants and guests must follow all of the following Common Area Lot usage rules.

- A. The Common Area is private property for the exclusive use of lot owners and their guests.
- B. Lot owners must display DCS stickers on the rear window of their vehicle when parked on the Common Area Lot.
- C. Lot Owners must accompany a guest when the guest is using the Common Area lot.
- D. A lot owner may provide a resident guest (guest is staying in the home of the lot owner) a temporary permit to be visible via the windshield indicating date, name of lot owner/resident and lot owner/residents signature and phone number.
- E. The DCS HOA Board may grant access to the Common Area as appropriate for the use by CERT Personnel, Perquimans County Sheriff, and other local, state or federal agency use as it deems appropriate
- F. The Common Area is not for use by the public or by public or private organizations.
- G. DCSHOA is not responsible for any loss, theft or injury which occur during use of the Common Area(s).
- H. The Common Area is closed dusk to dawn.
- I. No overnight use of the Common Area is permitted.
- J. No swimming or diving from the Common Area Lot shore or Boat Dock is permitted.
- K. No parking of unattended vehicles near the Boat Launch Ramp, which blocks others from using the launch, is permitted.
- L. Lot owners and guests are required to cleanup and remove trash prior to departing the Common Area.
- M. No fish cleaning at the Common Area is permitted.
- N. Lot owners and guests must control and clean up after pets at all times.
- O. Only signs approved by the Board may be placed/displayed in the Common Area.
- P. Except as detailed above, only vehicles, trailers, equipment and materials approved by the Board may be temporarily or permanently parked or stored on the Common Area Lot.

4. Public use of DCS roads.

(Board and law enforcement governed). See View Lane is a public road, (North Carolina Department of Transportation (NCDOT), Perquimans County, Secondary Road 1495 or SR 1495) owned and maintained by the NCDOT. Sophie's Way and Roberta Drive have been dedicated to public use (see the Certificate of Ownership and Dedication on DCS Plat). Dedication of DCS roads to public use is the first step in the process to turnover DCS roads to NCDOT. Until NCDOT accepts Sophie's Way and Roberta Drive into the NC Highway System, they are the property of DCSHOA, but open to legitimate public use.

5. Lot Recombination.

(County and Board governed). Lot recombination is the process required for lot owners to increase the size of their lot by combining their lot with the land of adjacent lots.

- A. Lot recombination is governed by the County and the Declaration Amendment dated October 19, 2020, Paragraph 16, Section 22 Recombination of Lots, with Board responsibility for compliance with Association Governing/Legal documents.
- B. Recombination Requirement: Prior to submission of any documentation to Perquimans County offices responsible for the recombination process (Planning and Zoning, Tax Administration and Register of Deeds), lot owners must submit their recombination plans and Letter of Acknowledgement for Lot Recombination to the Board for review and approval. This review is required to: ensure recombination plans are in compliance with association governing/legal documents; advise lot owners of any possible conflicts which could affect their plans; advise adjacent lot owners; discuss the following lot recombination options; and to obtain Lot owner/s signature/s accepting the increases in Association Annual Assessments, Association Special Assessments, Votes and changes to allowable "built-upon area" associated with recombined lots.
- C. Recombination options: (See letter formats pages 52 and 54.)
 - (1) Unimproved lot could be purchased by adjacent lot owners, then split between the adjacent lot owners to increase their resultant lot square footage.
 - (2) Current or prospective lot owners could buy adjoining lots, then recombine those lots to create a larger lot square footage.
- D. Recombination considerations. Several state, county and association governing documents regulate the recombination process.
 - (1) DCS Declaration, Declaration Amendment, and these Bylaws, regulate the structures which may be built on the lot, the minimum square footage, construction materials and construction time limit.
 - (2) Perquimans County Department of Planning and Zoning is responsible for the recombination process and procedures. However, lot owners must also be aware of regulations associated.
 - (3) The DCS Stormwater Permit governs square footage for impervious construction based on the percentage of Impervious Coverage limit for the lot being split as shown on the Low-Density Attachment to the permit.

6. Review and Approval of Lot Improvement and Construction plans.

(Board/County governed). What is the Board 's role in terms of review and approval of projects on your lot?

- A. The goal of the Board is to develop rules and regulations that will help maintain high property values for everyone. As more and more homes are built in our community, more issues are identified that may impact your neighbors and the community as a whole.
- B. There are a number of county, state and federal regulations that govern what you can and cannot do to/on your property. The Board will assist you in determining the approvals you must obtain prior to starting a project. Obtaining the required approvals/permits is solely the

responsibility of the lot owner(s).

- C. We understand that everyone wants to do what they want with their land. However, as a property owner in an HOA-governed community, you are required to adhere to the Bylaws and Declaration of the DCSHOA. Some projects may impact adjacent lot owners. Therefore, appropriate project plans will be shared with adjoining lot owners prior to review by the Board. This sharing of plans is not designed to get a neighbor's approval, but instead to open a dialogue that will result in projects that enhance all properties. These projects are primarily lot improvements in preparation for construction and construction of homes and other buildings as well as projects that are within the property easements or on the common areas.
- D. Paragraphs 8 and 9 detail all projects/plans requiring review and approval by the Board. Paragraph 8 addresses lot improvements prior to residence construction. Paragraph 9 addresses residence, outbuilding and fence construction. The way the process works is property owners are to submit their plans to the Board prior to obtaining any county, state or federal permits. The Board will, when appropriate, share these plans with adjacent lot owners to identify any issues raised. It is up to the lot owners to work out an equitable solution. Whether an agreement is reached or not, the project will then be reviewed by the Board and either approved or disapproved. Approval by the Board only indicates the review found the project/plan meets the requirements of DCS Legal Documents and the lot owner has been advised of all known County and State regulations which may affect their project/plan. Execution of the project/plan and coordination with County/State authorities and when necessary, adjoining lot owners, is solely the responsibility of the lot owner. Disapprovals will only occur when project plans do not meet requirements in DCS Legal documents.
- E. Building permits. State and County permits are required for most permanent or movable structures on DCS lots.

7. Undeveloped lot improvements in preparation for construction.

(Board/County governed.)

- A. Owners of undeveloped lots are encouraged to submit lot improvement plans to the Board to review prior to the commencement of any work. Work including lot clearing, ditch crossings/culvert installation, driveways, bulkheads/retaining walls, and landscaping; and any other plans association with the preparation for home and outbuilding construction.
- B. Ditch crossings, temporary and/or permanent driveways are required to be maintained in a condition which will prevent the tracking or direct flow of mud onto streets. Any material which is tracked onto an adjacent street must be cleared. Ditch drainage must not be restricted. Lot owners are responsible for keeping ditches adjacent to their property clear of debris or fill.
- C. Lot owners are responsible to ensure landscaping does not: (a) result in disruption of water runoff from their lot; (b) create areas of standing water or flood adjoining lots. County Regulations include the requirement that lots must be graded to allow for proper drainage.

- D. See Deep Creek Shores Stormwater Permit for additional building restrictions. (See Association's website www.deepcreekshores.com, Legal Documents, DCS Stormwater Permit (10-30-2000).

8. Residence, Outbuilding and fence construction.

(Board/County governed). Lot owners are required to submit their home (residence) construction plans as well as plans for any outbuilding construction including, but not limited to, sheds, detached garages, barns and fences to the Board for review and approval prior to construction start.

- A. Per the Declaration, building exterior construction shall be completed within one year.
 - (1) Building exterior construction is defined as: All lot structures exteriors are complete; construction debris is removed; ditch crossings are complete; driveway is suitable for heavy truck traffic without failure; initial landscaping is complete (lot is ready for seeding and planting); power, water and septic systems are installed, and operational and lot drainage measures are complete.
- B. After completion of the lot residence and outbuildings constructed in conjunction with the residence, subsequent outbuilding and/or detached garage plans need not be submitted to the Board for review/approval provided construction is in compliance with requirements of these Bylaws.
- C. It is the responsibility of the lot owner to advise their builder, and contractors not under the control of the builder, of the following DCS construction requirements:
 - (1) Delivery trucks and other vehicles are to observe the speed limit, 25 MPH.
 - (2) Heavy equipment will be loaded and unloaded in a manner that ensures that there is no damage to the roads, ditches and easements.
 - (3) Trash and debris will be deposited in appropriate trash containers (not on the street or in the ditches).
 - (4) Materials (dirt, mud, rocks, etc.) tracked onto streets will be cleared.
 - (5) Contractor shall prevent all spills & leaks from contaminating soils and/or waterways. They should have necessary buckets, pans, absorbents, booms, rags, etc. to prevent pollution from fuel, engine & hydraulic oil, antifreeze, etc. spills. Cleanup items must be disposed of per EPA specifications.
 - (6) Porta-Potties. Construction site porta potties will be placed as close to the residence under construction as possible. Porta potties will not be placed within 100 feet of the roadway.
- D. During and after construction/landscaping is complete, ditch crossings, temporary driveways or final driveways must be maintained in a condition which will prevent tracking or direct flow of mud onto streets. Any material which is tracked onto an adjacent street shall be cleared. Ditch drainage must not be restricted. Lot owners are responsible for keeping ditches adjacent to their property clear of debris or fill.

- E. During and after construction is complete, lot owners are responsible to ensure landscaping does not: (a) result in disruption of water runoff from their lot; (b) create areas of standing water or flood adjoining lots.

9. Building Setbacks:

(County governed). Building setbacks are the required minimum distance between every structure and the lot lines of the lot on which it is located. It is the homeowner's responsibility to verify setbacks as listed in the Perquimans County Zoning Ordinance current edition and the DCS Plat.

NOTE: Building setbacks may differ depending on the regulation used to approve a building permit. Per the permit's office in Hertford, the correct setback will be determined by the building inspector reviewing your permit request.

10. Allowable Homes.

(Board governed).

See Declaration Amendment dated October 19, 2020, Paragraph 13, Section 17 and Paragraph 14, Section 19.

11. Residence (temporary or permanent).

(Board governed).

See Declaration Amendment dated October 19, 2020, Paragraph 1, Section 2 No Temporary Structures.

12. Outbuildings/Sheds/Barns and Detached Garages.

(Board governed).

- A. Outbuildings/sheds must be of the same construction style, color and construction materials of a similar quality and appearance as the dwelling. However, the outbuildings may not be used as a dwelling.

Definitions:

- Outbuildings are defined by the state of North Carolina as a structure subordinate to but not connected with the primary residence on a parcel of property. This may include a shed, garage, barn, cabana, pool house or cottage.
- If structures such as a carport are attached to the dwelling, then the carport must adhere to the same building/structure guidelines as the dwelling. - Lean To's attached to outbuildings must adhere to the same building/structure guidelines as used for the outbuildings.
- Metal outbuildings and carports do not satisfy the material requirements of the

Declaration of Covenants, Conditions and Restrictions, that have been voted on and approved by the HOA lot owners.

- B. Horse barns must: be stick built (no pole barns); roof and siding must be the same color as the main structure; include two horse size stalls; have adequate water supply; and have sufficient storage for feed, hay and straw. (Pole barn is defined as: a farm building with no foundation and with sides consisting of corrugated steel or aluminum panels supported by poles set in the ground typically at eight-foot intervals.
- C. Outbuildings and detached garages may NOT be constructed within easements without Board and County Zoning approval.

13. Fencing:

(Board, State and County governed). (Front yard is the area between the street and the leading edge of the residence foundation).

- A. Material: Vinyl, wood, decorative stone or brick, and cast iron or aluminum. No chain link or other types of wire fences or gates are allowed.
- B. Maximum height: Front yard: 4 feet. Back and Side yards: 6 feet. Privacy fences between two lots, where the fronts of the residences are at different distances from the street, may begin at the leading edge of the residence closest to the street and run to the back of the lot. The end of the privacy fence closest to the road will be graduated in height by 2 or 3-foot sections for aesthetics.
- C. Gates are to be constructed of the same material as the fencing. Decorative stone or brick fences/walls may use vinyl, wood or metal gates. Gates placed on fences on the side of the residence must open to the inside. Side gates which provide access to adjoining property must be approved by the adjoining property owner/s.
- D. Finished side of fencing must face the outside. All support posts must be on the inside.
- E. All property lines must be marked prior to fence construction.
- F. Fence plans where the fence is to be constructed within lot easements must be submitted to the Board for review and approval.
 - (1) Fences will be constructed so as not to interfere with drainage between lots. Lot owners are reminded of the drainage/utility easements between lots (10 feet on both sides of the property line). While there are no county restrictions addressing fence construction within an easement, if your fence prevents access authorized by an easement, your fence can be removed and the company conducting the work is under no obligation to replace the fence.
 - (2) Fences will not be constructed within the front drainage/utility easement. The front drainage/utility easement is the area between the ditch and the "tree line". It is located between 25 feet and 45 feet as measured from the center of the street.
 - (3) Swimming pools: NC law requires that a minimum 4-foot barrier surround any swimming pool. See NC Residential Code, Appendix G (Pools, Spas & Hot Tubs).

- (4) Dog Runs: Chain link dog runs on the side of the home or in the back yard are allowed provided the run is not constructed within the drainage utility easement, and is no more than 4 feet wide and 30 feet long. (Note: The Humane Society of the United States indicates a run should be 3 feet wide by 10 feet long and 6 feet high with the width increased by a foot for dogs over 100 lbs. Multiplying a dog's length by five can also be used to figure a run's size).
 - (5) The Board fully understands there will be fence proposals not covered in the above. All fence plans submitted to the Board for review and approval will be reviewed and if the plan does not follow the above guidance but is approved, the Rules and Regulations will be modified to allow all lot owners to submit similar plans. (Note: Per DCS Bylaws, paragraph 10.3 Uniform Application. All Rules and Regulations shall be equally and uniformly applicable to all lot owners, occupants and lots.)
- G. Lot owners are reminded per the Bylaws, paragraph 4.15(C)(2), "If a lot owner is legally responsible for damage inflicted on any common element, the association may direct such lot owner to repair such damage, or the association may itself cause the repairs to be made and recover damages from the responsible lot owner."

14. Waterfront Construction.

(State and County governed). Construction along the shorelines in Deep Creek Shores is regulated per NC General Statute 113A and NC Administrative Code 15A.07H.1200-1205. Perquimans County is one of 20 counties where construction along waterways and within wetlands is regulated under the NC Coastal Area Management Act (CAMA).

- A. Construction of piers, decks, boat lifts, walkways etc. will require both a CAMA permit and a building permit from the county. Normally your contractor will obtain any required permits.
- B. Retaining walls and bulkheads may also require a CAMA permit if constructed near or within wetlands.
- C. CAMA permits are processed at the Division of Coastal Management field office in Elizabeth City (401 S Griffin ST, STE 300, phone 252-264-3901).
- D. CAMA current rules and regulations can be found the following web site:

<https://deq.nc.gov/about/divisions/coastal-management/coastal-management-permits/minor-permit-applications>

15. Easements:

(County and Board governed). On October 18, 2002, Carolina Coast and Lakes Inc. transferred the deed for DCS Common Areas to the DCSHOA. This transfer included conveyance of all DCS drainage/utility easements. The Declaration also conveys DCS Easements to the HOA. Easements are located on private property and allow access to lots for the stated easement purpose (drainage and utility issues).

- A. The street drainage/utility easement is 20' wide and located on both sides of the street right-of-way. DCSHOA access to the street drainage/utility easement for yard maintenance and regulation of signs, flags and property markers is to ensure unobstructed (prevent overgrowth of the easement area) access to the easement for drainage/utility work from the street to the tree line. The tree line is 45' from street centerline.
- B. Each lot also includes a 20' drainage/utility easement along the rear lot lines (rear lot lines are farthest from the street); and a 10-foot utility/drainage easement along all side lot lines. The Association/Board is responsible for maintaining adequate flow in the six storm water drainage ditches running from the street to the creek. These drainage ditches are located between lots: 7 & 8, 27 & 28, 33 & 34, 38 & 39, 53 & 54 and 58 & 59. Lot owners are responsible for yard maintenance in side and rear lot drainage/utility easements.

16. Property Line Markers within the Common Areas and street easement.

(State and Board governed). To allow for unobstructed mowing of the street drainage/utility easement, Lot owners may place property line markers (stakes or pins) within the street drainage/utility easement provided: (1) stakes (wood or PVC) do NOT extend more than two inches above ground level; (2) pins (steel rebar) do NOT extend above ground level.

17. Signs.

(State and Board governed). Lot owners may place/display signs on their property only under the following conditions.

- A. Only "For Sale", Builder/Contractor, or political candidate signs are authorized.
- B. Signs must be placed only on the owner's lot, not less than 45 feet from the centerline of the street (the tree line). The face of the sign will be placed parallel to the street.
- C. The maximum size of any sign is 36 inches x 36 inches.
- D. For Sale and Builder/Contractor Signs must be removed no later than 30 days from date of sale or completion of builder/contractor work.
- E. Political signs may be placed/displayed not earlier than 45 days prior to election day and must be removed not later than 7 days after election day.
- F. No more than four signs may be placed/displayed on any lot at any time.
- G. Only signs approved by the Board may be placed/displayed on the Common Areas.
- H. Allowable vehicles which are used by lot owners as their primary transportation to and from work and display commercial signs, decals or graphics may be parked on DCS lots provided they are parked as far from the road as possible and do not violate sign placement restrictions listed above.

18. Flags and Holiday Decorations/Displays.

(State and Board governed).

- A. Lot owners may place/display flags on their property only under the following conditions.
 - (1) United States, North Carolina or decorative flags (no more than four) may be placed/displayed on lot owners' property not less than 45 feet from the centerline of the street (the tree line) provided the size of the flag is no more than 4 x 6 feet.
 - (2) Each lot may place/display one small (< 12" x 20") flag on their appropriately equipped mail box post.
 - (3) Flag size (4 x 6 feet) is the only restriction for boat dock flags.
- B. Lot owners may place holiday decorations/displays within the street utility easement (top of the ditch to the tree line) from the end of the mowing season (mid-November) the beginning following year mowing season (mid-April). Lot owners are reminded that should utility work occur during this time, the utility companies or their contractors are authorized to remove any obstruction to their work and are under no obligation to repair or replace any damage.

19. Tractors.

(Board governed). No farm tractors (agricultural tractors) may be parked or stored on DCS lots.

- A. Tractors stored or parked on DCS lots should not be visible from the street; however, tractors may be parked or stored and visible from the street on vacant or under construction lots until home construction is complete.
- B. The following tractor types may be parked or stored on DCS lots:
 - (1) Lawn tractors (riding lawn mowers) and zero-turn-radius mowers.
 - (2) Sub-compact and compact utility tractors (garden tractors). A compact utility tractor, also called a CUT, is a smaller version of an agricultural tractor but designed primarily for landscaping and estate management type tasks rather than for planting and harvesting on a commercial scale. Typical CUTs range in from 20 to 50 horsepower. Compact utility tractor attachments may include the [front end loader](#), , [box blade](#), [grader](#) blade, landscape rake, post hole digger (or post hole [auger](#)), rotary cutter (also called a slasher or a brush hog), [broadcast seeder](#), [subsoiler](#) and the [rototiller](#) (also rotary tiller).
 - (3) Utility tractors (35 to 100 horsepower). One full size Utility tractor is authorized for lots of three acres or greater.
- C. The Board reserves the right to decide if a tractor meets allowable criteria.

20. Trucks.

(Board governed). No trucks (step vans, dump trucks, tractor-trailer rigs, ex-military vehicles etc.), except as listed below, may be parked or stored on DCS lots.

- A. The following truck types may be parked or stored on DCS lots.

- (1) Vans and Mini-Vans. A van, built on an automobile or pick-up truck frame, is described as a covered boxlike motor vehicle, typically having a rear door/s and sliding or hinged doors on the side panels, used for transporting goods or people
- (2) Pick-up trucks (Non-commercial).
- (3) Trucks, listed above, which are used by lot owners as their primary vehicle for transportation to and from work and display commercial signs, decals or graphics may be parked on DCS lots provided they are parked as far from the road as possible and do not violate sign placement restrictions detailed in paragraph 18.

B. The Board reserves the right to decide if a truck meets allowable criteria.

21. Use of unlicensed/unregistered vehicles on DCS roads.

(Board governed). The operation/use of unlicensed vehicles (ATVs, golf carts, mopeds, lawn mowers, tractors etc.) is prohibited on DCS roads (Roberta Drive and Sophie's Way) unless the owner/operator agrees to the following conditions. Owner/operators:

- A. Shall comply with all traffic rules and regulations adopted by the State of North Carolina and the Perquimans County which governs the operation of motor vehicles.
- B. Must yield to all vehicular and pedestrian traffic.
- C. Must have liability insurance coverage which will cover the operation/use of an unlicensed vehicle.
- D. Agree to a Waiver of Liability, releasing the DCSHOA from liability that may arise as a result of operation/use of an unlicensed vehicle on DCS roads.
- E. Operation of unlicensed vehicles on DCS roads is de facto agreement by the owner/operator to the conditions listed in paragraphs a. through d. above.
- F. Seeview Lane is a public road. Vehicle use on Seeview Lane is regulated by NCDOT, State and County statutes and regulations.

22. Animals allowed at DCS:

(Board governed).

Reference is made to the Declaration Amendment dated October 19, 2021, Paragraph 10, Section 11 Pets and Animals.

- A. Animals may not be bred for commercial purposes. The only exception to the prohibition to breeding is one animal may be bred provided no other animal is bred until the number of animals on the lot is at or below the numbers permitted in the Declaration Amendment. `
- B. Owners may walk their animals or ride their horses along DCS street right-of-way. Owners must pick up their animal's waste and dispose of same in appropriate trash container. The street right-of-way is 50' wide and includes the road surface, shoulder and most of the ditch.

- C. Owners may not walk their animals or ride their horses on the road utility/drainage easement (area between the center of the ditch and the tree-line. The drainage and utility easement are private property.
- D. Dogs and Cats may not be moved to DCS until the primary residence is complete and occupied.
- E. Horses may not be moved to DCS until: the primary residence is complete and occupied; the barn with adequate water supply is complete; and fences are installed.

23. USPS Standards for Residential Mailboxes:

(US Postal Service governed). Policies for Curbside Mailboxes

Lot owners should contact the local Post Office before installing, constructing or moving your mailbox or mailbox support. Mailboxes need to be approved by the Postal Service. Your postmaster will approve custom-made mailboxes on a one-time basis as long as they generally meet USPS standards.

24. DCS Stormwater Permit #SW7000908 (hereafter referred to as the "Permit"), issued by NC Department of Environment and Natural Resources, Division of Water Quality.

(State governed). The Permit contains restrictions related to storm water management, the area per lot allowed to be built upon, and ditch crossings (access to lots).

It is the homeowner(s) responsibility to comply with the restrictions set forth in the permit (see Association's website www.deepcreekshores.com , Legal Documents, DCS Stormwater Permit (10-30-2000).

25. Lot Recombination Letter Formats:

**Recombination Letter format # 1
Lot Recombination. Split lot letter format.
Letter of Acknowledgment for Lot Recombination**

[Date]

To: [Lot owner/s] of Recombined Lot # (xx)

1. The undersigned acknowledge the requirements and responsibilities for:

Per DCS Bylaws, Enclosure (3) Rules and Regulations, lot recombination is the process required for lot owners to increase the size of their lot by combining their lot with the land of adjacent lots.

a. Lot recombination is county governed with Board responsibility for compliance with Association Governing/Legal documents.

b. Recombination Requirement: Prior to submission of any documentation to Perquimans County offices responsible for the recombination process (Planning and Zoning, Tax Administration and Register of Deeds), lot owners must submit their recombination plans and this Letter of Acknowledgement to the Board for review and approval. This review is required to: ensure recombination plans are in compliance with association governing/legal documents; advise lot owners of any possible conflicts which could affect their plans; advise adjacent lot owners; discuss the following lot recombination options; and to obtain Lot owners' signature/s accepting the increases in Association Annual dues, Association Special Assessments, Votes and changes to allowable "built-upon area" associated with recombined lots.

c. Recombination options:

(1) Unimproved lot purchased by adjacent lot owners, then split between the adjacent lot owners to increase their resultant lot square footage.

(a). Resultant recombined lot owners would split association votes assigned to the split lot. (i.e., Each new enlarged lot would have 3 votes for subsequent association meetings where votes are required).

(b) Resultant lot owners would pay increased association annual dues to replace annual dues assigned to the lot being split through recombination. (i.e., If association dues are \$300 per lot, after recombination, each recombined lot owners would pay annual dues of \$450.00).

(c) Resultant lot owner would pay increased association Special Assessments to replace Special Assessments assigned to the lot being split through recombination. (i.e., If the Board approves a

Special Assessment of \$500 per lot for repair of common elements storm damage, after recombination, recombined split lot owners would pay \$750.

(d) Resultant lot owners would receive additional square footage eligible for impervious construction based on the percentage of Impervious Coverage limit for the lot being split as listed in the Low-Density Attachment to the DCS Stormwater Permit.

(2) Applies to Recombination of 2 or more lots.

d. Recombination considerations. Several state, county and association governing documents regulate the recombination process.

(1) DCS Declaration, paragraph 19. Regulates the structures which may be built on the lot, the minimum square footage, construction materials and construction time limit.

(2) Perquimans County Department of Planning and Zoning is responsible for the recombination process and procedures. However, lot owners must also be aware of regulations associated with easements, ditches, drainage, wetlands and, for waterfront lots, docks and bulkheads.

2. Per paragraph 1.c.(1), recombined Lot # (xx):

a. owners agree to pay increased annual dues equal to one and one-half times the per lot annual dues stated in the Association annual budget.

b. is allocated three votes in all association meetings where votes are required.

c. owners agree to pay increased association Special Assessments equal to one and one- half times the special assessment approved by the Board.

d. impervious coverage limit is (xx) percent. [based on impervious coverage, listed in the Low-Density Attachment to the DCS Stormwater Permit, for lots being recombined.]

We acknowledge the above requirements for Lot Recombination.

[Lot owner]

[Lot owner]

Date

(Name of DCS President)
President, DCS HOA

Recombination Letter format # 2

Lot Recombination. Two or more lots letter format.

Letter of Acknowledgment for Lot Recombination

[Date]

To: [Lot owner/s] of Recombined Lots #s (xx & xx)1. The undersigned acknowledge the requirements and responsibilities for:

Per DCS Bylaws, Enclosure (3) Rules and Regulations, Paragraph 6, lot recombination is the process required for lot owners to increase the size of their lot by combining their lot with the land of adjacent lots.

a. Lot recombination is county governed with Board responsibility for compliance with Association Governing/Legal documents.

b. Recombination Requirement: Prior to submission of any documentation to Perquimans County offices responsible for the recombination process (Planning and Zoning, Tax Administration and Register of Deeds), lot owners must submit their recombination plans and this Letter of Acknowledgement to the Board for review and approval. This review is required to: ensure recombination plans are in compliance with association governing/legal documents; advise lot owners of any possible conflicts which could affect their plans; advise adjacent lot owners; discuss the following lot recombination options; and to obtain Lot owners' signature/s accepting the increases in Association Annual dues, Association Special Assessments, Votes and changes to allowable "built-upon area" associated with recombined lots.

c. Recombination options:

(1) Applies to Recombination of Split Lot.

(2) Current or prospective lot owners buy adjoining lots, then recombine those lots to create a larger lot square footage.

(a) Resultant recombined lot owners would retain votes assigned to all original lots. (i.e., If persons buy two lots and recombines those lots, the new enlarged lot would have 4 votes for subsequent association meeting where votes are required.

(b) Resultant recombined lot owners would pay increased association annual dues to replace annual dues assigned to the lots being combined. (i.e., If association dues are \$300 per lot, after recombination, the lot owner would pay annual dues of \$600.00.)

(c) Resultant lot owners would pay increased association Special Assessments to replace Special Assessments assigned to the lots being combined through recombination. (i.e., If the BOD approves a Special Assessment of \$500 per lot for repair of common elements storm damage, after recombination, the recombined lot owners would pay \$1000.

(d) Resultant lot owners would receive additional square footage eligible for impervious construction based on the percentage of Impervious Coverage limit for the lots being combined as listed in the Low-Density Attachment to the DCS Stormwater permit.

d. Recombination considerations. Several state, county and association governing documents regulate the recombination process.

(1) DCS Declaration, paragraph 19. Regulates the structures which may be built on the lot, the minimum square footage, construction materials and construction time limit.

(2) Perquimans County Department of Planning and Zoning is responsible for the recombination process and procedures. However, lot owners must also be aware of regulations associated with easements, ditches, drainage, wetlands and, for waterfront lots, docks and bulkheads.

2. Per paragraph 1.c.(2), recombined Lots # (lot numbers):

a. owners agree to pay increased annual dues equal to [# of lots] times the per lot annual dues stated in the Association annual budget.

b. is allocated [2 X # of lots) votes in all association meetings where votes are required.

c. owners agree to pay increased association Special Assessments equal to [2 X # of lots] times the special assessment approved by the Board.

d. impervious coverage limit is (xx) percent. [based on impervious coverage, listed in the Low-Density Attachment to the DCS Stormwater Permit, for lots being recombined.]

We acknowledge the above requirements for Lot Recombination.

[Lot owner]

[Lot owner]

Date

(Name of DCS President)
President, DCS HOA

Index

A

Assessments 20, 26, 27, 28, 37, 44, 54, 55, 56, 57
audit.....34

B

ballot.....9, 13

D

Declaration Amendment 12, 15, 22, 30, 44, 47, 52

E

Enclosure (2) 14, 23, 33, 34, 36, 38
Enclosure (3)42, 54, 56

L

Lien27, 36
Living Space6

O

outbuilding.....45, 46
Outbuildings7, 60

P

penalty.....22, 30, 36
proxy.....9, 12, 13

Q

Quorum12, 18

R

Recombination 12, 15, 43, 44, 54, 55, 56, 57

S

Special meeting11, 31
Stormwater..... 8, 44, 46, 53, 55, 57

Document History

03.20.2023 (Rev. 13.1)

(1) Removed all instances of “QuickBooks” and replaced or updated to read “the Association’s accounting software”; (2) added “Document History”.

05.06.2023 (Rev. 13.2)

(1) Added definitions for clarification purposes to Paragraph 12. A. Outbuildings /Sheds /Barns and Detached Garages.

08.17.2024

(1) Changed three references to the association’s website from www.deepcreekshores.net to www.deepcreekshores.com.

11.04.2024

(1) Changed reference to quarterly board meetings and replaced with periodic meetings.
(2) Inserted new paragraph 21 regarding the reporting and storing of quarterly financial reports.