

**BYLAWS
OF
SANDERWAY COMMUNITY ASSOCIATION, INC.**

**ARTICLE I
BUSINESS ADDRESS**

The business address of Sanderway Community Association, Inc. (the "Association") shall be 121 South Estes Drive, Suite 100, Chapel Hill, North Carolina, 27514. The business address may be changed by the Board of Directors if required by the US Postal Service, or, upon approval of the membership, or for any other reason.

**ARTICLE II
MEMBERSHIP IN THE ASSOCIATION**

Every person or entity who is a record owner of a fee or undivided fee interest in any of the residential lots in Sanderway Subdivision (the "Units"), located in Orange County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership. All references herein to "the subdivision" shall mean and refer to all areas encompassed by the boundaries of Sanderway Subdivision, as shown at Plat Book , Pages , Orange County Registry.

**ARTICLE III
PURPOSES OF THE ASSOCIATION**

The purposes of the Association shall be:

- A. To own, maintain and preserve all tracts of land or easements that may be conveyed to the Association at any time, and all decorative and protective structures, landscaped areas, the stormwater system and devices and improvements located thereon;
- B. To enforce the provisions of that Declaration of Covenants, Conditions and Restrictions for Sanderway Subdivision of record at Book , Pages , Orange County Registry (the "Declaration"), and of any supplemental declarations, and of any bylaws and rules and regulations promulgated by the Association; and
- C. To promote and protect the enjoyment and beneficial use and ownership of the Units.

No part of the net earnings of the Association shall inure to the benefit of its members, directors or officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV ASSESSMENTS

All costs of the Association in fulfilling the above stated purposes shall be shared among the members of the Association as provided for in the Declaration. The Association shall have the power to make and collect assessments against the individual Units as provided for in Article IV of the Declaration and in any supplemental declarations. In no event shall assessments be levied against Units or collected in any manner which conflicts with the Declaration or any additional supplemental declarations.

ARTICLE V MEETINGS OF MEMBERS

1. Place of Meetings. All meetings of members shall be held at such place in Orange County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

2. Annual Meetings. The annual meeting of the members for the election of officers and the transaction of any other business shall be held in January of each year on any day (except a legal holiday) in that month as determined by the Board of Directors for the following purposes:

- A. To fix the amount of the annual assessment against each lot pursuant to Article IV above.
- B. To elect officers of the Association; and
- C. To transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any rules and regulations governing the subdivision.

3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Paragraph 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

4. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors of the Association, or by petition of a majority of all the Lots existing at that time.

5. Notice of Meetings. Written notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any members' meeting, either personally, by email or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid.

In the case of a special meeting, the notice of the meeting shall specifically state the purpose for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Nonprofit Corporation Act.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall

be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

6. Voting Rights. On matters of the Association's business submitted to vote of the membership, there shall be one (1) vote per residential lot located in the subdivision, regardless of the number of owners of a lot, with the exception of the Declarant who shall be entitled to one (1) vote for each lot it owns, plus one (1) vote for each lot owned by a person other than the Declarant as more fully described in the Declaration. Unless otherwise provided in the Declaration, thirty (30%) percent of the total number of Lots existing at that time (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote, and all matters submitted to a vote at any meeting held in accordance with these bylaws shall be decided by a simple majority of the total votes cast.

7. Voting by Proxy. Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. A proxy terminates one year after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

Then undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Unit _____, on all matters submitted to vote at that meeting of the Sanderway Community Association, Inc. to be held on _____, 20____. The undersigned hereby ratify and confirm all such votes cast on behalf of said lot at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said lot.

This the _____ day of _____, 20____.

Unit Owner

Unit Owner

8. Voting List. At least ten (10) days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI BOARD OF DIRECTORS

1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors which shall initially consist of the initial director as named in the Articles of Incorporation of the Association. However, at the first meeting of the membership of the Association, the number of directors of the corporation shall increase to consist of three (3) members (or representatives of corporate or other non-human members). Each Director shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor.

2. Powers and Duties. The Board of Directors shall have the power and duty to:

A. Take whatever actions necessary to execute and fulfill the purposes of the Association as set forth in Article III above.

B. Keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting of the members.

C. Supervise all officers, agents and employees of the Association, and see that their duties are properly performed.

D. Present a proposed budget for the coming fiscal year at each annual meeting, including a proposed annual assessment, for consideration and approval by the membership; and once an annual assessment has been approved by the membership, to:

1) Send written notice of the annual assessment to every member within thirty (30) days of approval;

2) File a lien with the Orange County Clerk of Superior Court against a Unit if the owner(s) thereof have not paid any assessment thereon within the time specified in Article IV above, and/or bring an action at law against the member(s) personally obligated to pay the same; and

3) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid (a reasonable charge may be made by the Board for the issuance of these certificates, and, if a certificate states that an assessment has been paid, the certificate shall be conclusive evidence of payment with respect to any person relying on the certificate).

E. Procure and maintain adequate liability and hazard insurance on property owned by the Association.

F. Serve as an architectural approval committee on an "as needed" basis.

ARTICLE VII MEETINGS OF DIRECTORS

1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any director.

2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

3. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4. Quorum. A majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

6. Information Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed in the book of records of the Association, whether done before or after the action so taken.

7. Committees of the Board. The Board may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a Director.

ARTICLE VIII OFFICERS

1. Designation. The officers of the Association shall consist of a President, a Vice President, a Secretary, and a Treasurer, and may also include such Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers as the membership may from time to time elect. The officers of Secretary and Treasurer may be held by the same person; otherwise, no two offices may be held by the same person. At least the President must be a Director of the Association.

2. Election and Term. The initial officers of the Association shall be elected by the initial director of the Association. Subsequently, the officers of the Association shall be elected by the Board of Directors at their first meeting of Directors after the annual meeting of members. The election of officers shall be by ballot. The officers shall be elected to one-year terms, and each officer shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor.

3. Removal. Any officer may be removed at any time with or without cause by a vote of the members at a meeting held in accordance with these Bylaws.

4. Vacancies. In the event of the death, disability, resignation or removal of an officer, his/her successor shall be selected and appointed by the Board of Directors (even though less than three directors may remain on the Board) to serve until the next annual meeting of the members.

5. President. The President shall be the principal executive officer of the Association and,

subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

6. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or Board of Directors.

7. Secretary. The Secretary shall: (a) keep minutes of the meetings of members, of the Board of Directors, and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Paragraph 4 of Article IV of these Bylaws; and (c) in general perform all of the duties incident to the officer of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors; or by these Bylaws.

9. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence of disability of the Secretary or the Treasurer, respectively, have all the powers and perform all the duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or the Board of Directors.

ARTICLE IX CONTRACTS, LOANS, CHECKS AND DEPOSITS

1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Association, and such authority may be general or confined to specific instances.

2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors or as specified in the Declaration. Such authority may be general or confined to specific instances.

3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association.

4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE X INDEMNIFICATION

Any person who at any time serves or has served as an officer/director of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitrative action, suit, or proceedings (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgement, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by this bylaw. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of this bylaw serves or has served as an officer of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

ARTICLE XI DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to Orange County or to a nonprofit organization with purposes similar to those of the Association.

ARTICLE XII
GENERAL PROVISIONS

1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

3. Amendments. The members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws at any regular or special meeting of the members pursuant to the then effective Bylaws of the Association.

The foregoing instrument, consisting of 8 pages, is hereby approved, accepted and adopted by the undersigned as the Bylaws of Sanderway Community Association, Inc. In witness whereof, the initial director of the Association has set his hand and seal, effective the ____ day of _____, 20__.

William F. Spang, Initial Director