

EXHIBIT D
BY-LAWS
OF
GUM BRANCH SQUARE II OWNERS' ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the Association is Gum Branch Square II Owners' Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be 825 Gum Branch Road, Suite 106, Jacksonville, North Carolina 28540, but meetings of members and directors may be held at such places within the State of North Carolina, as may be designated by the Board of Directors of the Association.

ARTICLE II
DEFINITIONS

1. "Association" shall mean and refer to Gum Branch Square II Owners' Association, Inc., its successors and assigns.
2. "Common Area" shall mean all real property owned as tenants in common by all the unit owners and managed by the Association, including those limited common areas so defined in the Declaration.
3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any unit which is a part of the Gum Branch Square Condominium including the Declarant so long as any unit or units are still in its name, but excluding those having such interest merely as security for the performance of an obligation.
4. "Declarant" shall mean and refer to the entity named in the initial Declaration of the Condominium as the Declarant thereof.
5. "Declaration" shall mean and refer to the Declaration of Unit Ownership and Covenants, Conditions and Restrictions of Gum Branch Square II Condominium and amendment thereof, of record in the Office of the Register of Deeds in Onslow County.
6. "Member" shall mean and refer to those persons entitled to membership in the Association by virtue of ownership of one or more units in the Condominium.
7. "Unit" shall mean and refer to individual enclosed office spaces and accessory spaces and areas as defined in the Declaration, and the improvements situated therein, excluding any land or improvements designated as Common Areas.
8. "Assessment" shall mean and refer to a member's share of the common expenses assessed against each unit by the Association in the manner provided for in the Declaration and By-Laws.
9. "Phase" shall mean and refer to successive stages of the project, as more fully set out in the Declaration.
10. "Condominium or Condominiums" shall mean Gum Branch Square II Condominiums as established by the Declaration.

ARTICLE III
MEMBERSHIP AND PROPERTY RIGHTS

Every owner of a unit which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from such ownership with the ownership of each unit, whether owned jointly or singly, entitling the owner or owners thereof to a vote in the Association which is proportionate to his ownership interest in the common area as set out in the Declaration. Throughout these By-Laws, the term "Vote" as applied to the voting rights of members shall be construed to mean such vote weighted to reflect the common area interest of the respective owners.

2. Each member shall be entitled to the use and enjoyment of the common area and facilities as provided in the Declaration; and any member may delegate his rights of enjoyment of the common area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property. Such members shall notify the Secretary of the Association in writing of the name of such delegates. The rights and privileges of such delegates are subject to suspension to the same extent as those of the member; but provided, however, that the Declarant shall exercise certain voting rights of members of subsequent Phases of the Condominium as more fully provided in Paragraph 10 of the Declaration.

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ARTICLE IV
MEETING OF MEMBERS

1. Annual Meeting. The first annual meeting of the members of the Association shall be held within sixty (60) days from the date on which the management of the Condominium is turned over from the Declarant to the Association as provided in the Declaration. Subsequent annual meetings shall be held at a date and time to be determined by the Board of Directors.
2. Special Meetings. Special meetings of the members may be called at any time by the President of the Association or by the Board of Directors or upon written request of the members entitled to vote one-third (1/3), by common area interest, of all of the votes of the Association.
3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before each meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Waiver by a member in writing of the notice required herein, signed by him before, at or after such meeting, shall be equivalent to the giving of such notice.
4. Quorum. The presence at a meeting of members entitled to cast, or of proxies entitled to cast, fifty (50%) percent of the votes of the Association on the basis of common area ownership interest shall constitute a quorum for any action except as otherwise provided in the Declaration and these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.
5. Proxies. At all meetings of the members, each vote may be cast in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance of his unit by the member giving his proxy.

ARTICLE V
BOARD OF DIRECTORS

1. Number. The affairs of the Association shall be managed by a Board of five (5) Directors, at least four (4) of whom shall be members of the Association.
2. Term of Office. At the first annual meeting the members shall elect two (2) Directors for a term of one (1) year, two (2) Directors for a term of two (2) years and one (1) Director for a term of three (3) years; and at each annual meeting thereafter the members shall elect the necessary number of Directors for a term of three (3) years to replace those Directors whose term has expired.
3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Directors, a successor shall be elected by the remaining members of the Board, and shall serve until the next annual meeting. If the Director who has died, resigned, or been removed has one or more years remaining in his term at the time of the next annual meeting, a successor shall be elected at such meeting to serve for the remainder of the vacated term.
4. Compensation. No Director shall receive compensation for any service he may render to the Association in his capacity as a Director. However, any Director shall be reimbursed for his actual expenses incurred in the performance of his duties; provided, however, the Board may employ a Director to manage the business affairs of the Association, and may pay the Director for his services as Manager.
5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

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ARTICLE VI
NOMINATION AND ELECTION OF DIRECTORS

1. **Nomination.** Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.
2. **Election.** Election to the Board of Directors shall be by secret written ballot. At such election, the voting members or their proxies may cast one (1) vote for each vacancy. The persons receiving the largest number of votes, measured by common area interest, shall be elected. Cumulative voting is not permitted.
3. Notwithstanding the foregoing, so long as Declarant is the owner of at least twenty-five percent (25%) or more of the aggregate undivided interests in the Common Area, but in no event longer than two (2) years after the date of filing of the Declaration for record, Declarant shall have the right to designate and select a majority of the persons who shall serve as a member of each Board of Directors of the Association. Any Director designated by and selected by Declarant need not be an owner in the Condominium.

Declarant shall, at the beginning of the election of the Board of Directors, designate and select that number of the members of the Board of Directors which it shall be entitled to designate and select in accordance with the provisions of these By-Laws, and upon such designation and selection of Declarant by written instrument presented to the meeting at which such election is held, said individuals so designated are selected by Declarant shall be deemed and considered for all purposes Directors of the Association, and shall thenceforth perform the offices and duties of such Directors until their successors shall have been selected or elected in accordance with the provisions of these By-Laws.

Should any vacancy in the Board of Directors be created in any Directorship previously filled by any person designated and selected by Declarant, such vacancy shall be filled by Declarant designating and selecting, by written instrument delivered to any Officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.

In the event that Declarant in accordance with the rights herein established, selects any person or persons to serve on any Board of Directors of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person or persons with another person or persons to serve on said Board of Directors. Replacement of any person or persons designated by Declarant to serve on any Association Board of Directors shall be made by written instrument delivered to any Officer of the Association, which instrument shall specify the name or names of the person or persons to be replaced and the name or names of the person or persons designated as successor or successors to the persons so removed from said Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any Officer of the Association.

ARTICLE VII
MEETINGS OF DIRECTORS

1. **Regular Meetings.** Regular meetings of the Board of Directors shall be held at least quarterly, without notice, at such place and hour as may be fixed from time to time by resolution of the Board. A more frequent schedule of regular meetings, on a seasonal basis, may be established by the Board.
2. **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.
3. **Quorum.** A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the Directors present at duly held meeting at which a quorum is present shall be regarded as the act of the Board.

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ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. **Powers.** The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the common areas and facilities, and the personal conduct of the members, guests, and tenants thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights of and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessments levied by the Association. Such rights may also be suspended, after notice of hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; but provided, however, that the right of an owner to ingress to and egress from his unit shall not be impaired;
- (c) adopt and publish rules and regulations governing the rental of units, including acceptable lease forms, and the conduct of tenants, including, in their discretion, reasonable limitations on number of occupants in leased units;
- (d) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, the Declaration, or by Chapter 47A of the North Carolina General Statutes;
- (e) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (f) employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties;
- (g) employ attorneys, accountants or other professional personnel to represent and assist the Association when deemed necessary;
- (h) enter into contracts with others to provide necessary supplies and services to the condominiums;
- (i) to borrow unsecured monies to meet necessary expenses of the Association, but the aggregate indebtedness of the Association shall at no time exceed an amount equal to the total quarterly assessment for all units without an affirmative vote of two-thirds (2/3) in interest of all members of the Association, voting in person or by proxy in a regular or special meeting of the members;
- (j) as provided in the Declaration, to bring an action in summary ejectment of behalf of any owner whose lease is in violation of any of the aforesaid rules and regulations, the Declaration, or these By-Laws.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-third (1/3) of the members entitled to vote;
- (b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (c) to fix the amount of assessment and the manner of payment thereof against each unit in accordance with the terms of the Declaration and to send written notice of any change in assessment or manner of payment of same to every owner subject thereto at least thirty (30) days in advance of such assessment payment period;
- (d) foreclose the lien, and sell, under a power of sale and in the manner prescribed by law for foreclosures with powers of sale, any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- (e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (f) procure and maintain adequate liability insurance covering members' liability for the common area and facilities and individual units as well as that property owned jointly by the members;
- (g) act as insurance trustees in the collection and disbursement of hazard insurance proceeds, as provided for in the Declaration;
- (h) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (i) maintain or cause to be maintained the common area and facilities and the exterior of the units, in accordance with the terms of the Declaration;
- (j) to establish the Fiscal Year of the Association.

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ARTICLE IX
OFFICERS AND THEIR DUTIES

1. **Enumeration of Officers.** The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

2. **Election of Officers.** The officers shall be elected by the Board of Directors at the first meeting of the Board following each annual meeting of the members.

3. **Term.** The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4. **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

5. **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving notice to the Board, the President, or Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the office he replaces.

7. **Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article IX.

8. **Duties.** The duties of the officers are as follows:

(a) *President.* The President shall preside at all meetings of the Board of Directors and shall serve as Chairman at all meetings of the members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) *Vice-President.* The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board.

(c) *Secretary.* The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as may be required by the Board.

(d) *Treasurer.* The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of accounts; cause an annual audit of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures which shall be mailed to the membership at least fifteen (15) days but not more than forty-five (45) days prior to the annual meeting.

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ARTICLE X
COMMITTEES

The Board of Directors shall appoint a Nominating Committee and such other committees as may be deemed appropriate in carrying out its purpose.

ARTICLE XI
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member or by any mortgagee holding a first mortgage or Deed of Trust on any unit or units. The Declaration and the By-Laws of the Association shall be available for inspection by any member or mortgagee at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XII
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association such sums as are assessed against the members under the terms of said Declaration, which assessments are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be deemed delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate allowed by law, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, with costs of such action, including reasonable attorney's fees, to be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of his unit.

ARTICLE XIII
AMENDMENTS

1. These By-Laws may be amended at any regular meeting or at a special meeting of the members, providing that notice of such special meeting shall state the content of such amendment, by a vote of two-thirds (2/3) of a quorum of member present in person or by proxy.
2. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.
3. Any amendment to these By-Laws shall not become operative unless set forth in an Amended Declaration and duly recorded in the office of the Register of Deeds, Onslow County; all unit owners shall thereafter be bound to abide by any Amendment duly passed and set forth in an Amended Declaration and duly recorded.

The foregoing were adopted as the By-Laws of the Association, a non-profit corporation under the laws of the State of North Carolina, at the first meeting of the Incorporators on _____.

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