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CS Date 11/17/2007 Time 16:18:00  
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**BY-LAWS OF  
STELLA FARMS OWNERS ASSOCIATION, INC.**

The initial directors of Stella Farms Owners Association, Inc., a North Carolina non-profit corporation (the "Association"), by their signatures below, hereby adopt the following as the By-Laws of the Association.

**ARTICLE I - DECLARATION PROVISIONS AND APPLICATION OF THESE BY-LAWS**

Section 1: The provisions of the Declaration of Covenants, Conditions, Restrictions, and Easements for Stella Farms, Phase I, recorded in Book 901 at Page 660 (the "Declaration"), Carteret County Registry, are hereby incorporated herein by reference as fully as if set forth herein.

Section 2: The provisions of the Declaration which refer or relate to the powers, duties and rights of the Association of the owners of lots in Stella Farms, Phase I are hereby specifically made the powers, duties and rights of the Association.

Section 3: The duties, powers and rights of the Association will be administered and carried out by or under the management of the Board of Directors of the Association hereby established.

Section 4: All present and future owners of the lots in Stella Farms Subdivision, as shown on the plat recorded in Map Book 29 at Page 889-890 in the office of the Register of Deeds for Carteret County, North Carolina (the Subdivision), their successors, assigns and legal and personal representatives, shall be subject to these By-laws and to the Declaration and to the rules and regulations hereafter duly adopted by the the Association.

**ARTICLE II - MEMBERSHIP AND VOTING**

Section 1. All of the present and future owners of lots in the Subdivision, upon becoming an owner shall automatically become members of the Association and shall remain members of the Association until such time as their lot ownership ceases for any reason. When their ownership

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ceases their membership in the Association shall cease.

Section 2. The owners of each lot shall be jointly entitled to one vote in all matters to come before the Association irrespective of the number of persons that are owners of such lot. There will be no fractional voting of any lot's vote.

Section 3: At all meetings of the Association, the presence in person or by proxy of a "majority of the owners" as defined herein will constitute a quorum. A "majority of the owners" means 51% of the lots in the Subdivision, for each of which lots one vote can be cast by the owner(s) or owner(s) when the meeting commences..

Section 4. Proxies must be signed by all the owners of a lot and specify the holder of the proxy and her/his authority. If there are two or more owners of a lot any one of them present at an Association meeting can cast the vote for that lot. No proxy will be counted as a vote for a lot if one of its owners is present and voting for that lot.

#### ARTICLE III - ANNUAL MEETINGS

Section 1. The first annual meeting of the Association and the Board is to be held on or before the last Saturday in April, 2003. That and all subsequent meetings, shall be held at a date, time and place in Carteret County determined by the Board of Directors for which written notice is given at least three weeks but not more than six weeks in advance.

Section 2. At such annual Association meetings, subject to the applicable provisions of the Declaration, the members will elect the Board of Directors, approve a budget and transact such other business as they deem appropriate.

#### ARTICLE IV - BOARD OF DIRECTORS

Section 1. The Association's affairs shall be governed by a Board of Directors composed of at least two and as many as seven (7) persons, each of whom must be an owner of a lot or a member, shareholder or unit owner of a legal entity which is a lot owner.

Section 2. The Board of Directors shall have all the powers and duties necessary for the administration of the Association's affairs and may do all such acts and things as are not by law or the Declaration, or by these By-laws directed to be exercised or done by others. The Board of Directors will be responsible for the management, development, maintenance and repair of the common areas at such time as Stella Farms, LLC ceases to do so, and for the establishment and collection from the owners of dues and assessments to pay the costs of so doing.

Section 3. The Board of Directors may but need not employ contractors and managers on such terms and conditions as it deems advisable and appropriate under the circumstances. The Board may designate one or more of the lot owners to serve as agents of the Association for specific purposes.

Section 4. Meetings of the Board will be held as the Board deems necessary to carry out its managerial duties. At least one meeting shall be conducted each year to arrange for nominees to the Board and elect officers for the upcoming year, decide upon the annual budget for the coming year, and set the date of the Association annual meeting and to resolve such other matters as require attention for the benefit of the Association.

Section 5. If the Board has not otherwise designated one or more persons to deal with emergencies, any of the Board members may act to protect the lots and common areas from damage. The expense of any such emergency action will be a financial obligation of the Association.

#### ARTICLE V - OFFICERS

Section 1. The principal officers of the Association shall be a President, Secretary and Treasurer appointed annually by the Board of Directors. The Board of Directors may appoint such other officers as they shall deem necessary for the efficient conduct of the Association's business.

Section 2. Any officer may be removed either with or without cause and her/his successor appointed, by the vote of a majority of the Board.

Section 3. The President or the President's designee shall preside at meetings of the Board of Directors and the Association. The Secretary shall be responsible for keeping the minutes of meetings of the Board of Directors and the Association meetings. The Secretary will maintain the list of owners who constitute the membership of the Association, and all non-financial records of the Association. The Treasurer shall keep the financial records of the Association and present a financial report to the members at the annual meeting. The officers will otherwise carry out the duties generally expected of a President, Secretary and Treasurer of a subdivision association, and such other duties as the Board of Directors may designate from time to time.

#### ARTICLE VI - ACTION WITHOUT MEETING

Any Action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Board members.



#### ARTICLE VII - SPECIAL MEETINGS

A special meeting of the Association may be had upon the request of a majority of the Board members, provided, that Association members who are part of the ownership of a lot but who are not on the Board must have been given at least fourteen (14) days, and not more than thirty (30) days, written notice of any such meeting. No business shall be transacted at a special meeting except as stated in the notice unless by written consent of the percentage of the lot owners that would be required to vote in favor of such action, present in person or by proxy at such special meeting.

#### ARTICLE VIII - ASSESSMENTS

All the lot owners are obligated to pay assessments imposed by the Board to pay the costs of carrying out the duties of the Association described in the Declaration. Such costs, without limitation, will include the cost of caring for the common area, administering the architectural control committee, and the premiums for such insurance policies as the Board deems necessary. Assessments will be made equally on each lot. Assessments will include an annual amount of at least Twenty-Four Dollars (\$24.00) per lot as a reserve for repairs and replacements. Assessments shall be billed annually and statements sent as needed.

#### ARTICLE IX - RECORDS

The books, records and papers of the Association shall be subject to inspection at reasonable times by members of the Association for any purpose specified in a written request for same; and the location of the books, records and papers of the Association shall be made known upon such request to any member.

#### ARTICLE XI - FISCAL YEAR

The fiscal year of the Association shall be the calendar year except that the first fiscal year shall be a partial year beginning on the date on which these By-laws are filed for record in the office of the Register of Deeds of Carteret County, North Carolina.

#### ARTICLE XII - AMENDMENT

These By-laws may be amended upon the recommendation of the Board if and when approved in writing by the owners (one per lot) of two-thirds of the lots in the Subdivision or by the vote in person or by proxy of a like percentage at an annual or special meeting at which

written notice of the proposed amendment has been given as provided above in Article III Section 1.

#### ARTICLE XII - SPECIAL PROVISIONS FOR DEVELOPER

Declarant will perform or pay the cost of maintenance of the roads and other common areas in the Subdivision for eighteen (18) months after recording of the Declaration. Until Declarant has sold seventy-five (75%) percent of the lots in the Subdivision, the lots owned by Declarant shall not be subject to assessments, with the following exceptions:

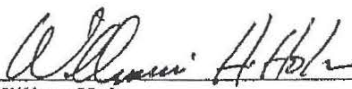
- i) Should Declarant cause a dwelling to be constructed on any of its lots and thereafter lease the same, said lot shall be assessed as any other lot.
- ii) When Declarant has become a member of the Association, Developer's remaining lots in the Subdivision will be assessed as any lot.

#### ARTICLE XIII - PROHIBITION AGAINST NONCHARITABLE ACTIONS

No director, officer, or employee of this corporation shall take any action, or shall fail to act, in such a manner as to result in a violation of Chapter 55A of the General Statutes of North Carolina or otherwise cause the loss of status as a non-profit organization under the current interpretation of the Internal Revenue Code.

The undersigned certify the foregoing By-Laws have been adopted as the first By-Laws of the Association in accordance with Chapter 55A of the General Statutes of North Carolina, this 3rd day of April, 2002.

Directors

  
William Holz

  
Paxon M. Holz

STATE OF NORTH CAROLINA,

COUNTY OF CARTERET.

I, a Notary Public of the County and State aforesaid, certify that William Holz and Paxon M. Holz, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial stamp or seal this 12th day of November, 2002.



*Teresa T. Vaughan*  
Teresa T. Vaughan, Notary Public

My commission expires 1/3/05

NORTH CAROLINA, CARTERET COUNTY

The foregoing certificate(s) of Notary Public(s) is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Melanie Arthur, Register of Deeds

By

*Cynthia L. Smith*  
Deputy, Register of Deeds

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