

BYLAWS

OF THE

Lake Hondah Property Owners Association, Inc.

Revised June 12, 2010

THESE BYLAWS SUPERSEDE AND REPLACE ALL PREVIOUS BYLAWS
OF THE LAKE HONDAH PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I - IDENTIFICATION

SECTION 1-NAME:

The name of this corporation is LAKE HONDAH PROPERTY OWNERS ASSOCIATION, INC., referred to herein as the "Association".

SECTION 2-PRINCIPAL OFFICE:

The principal office of the Association shall be at Lake Hondah, Hondah Road, Brevard, Transylvania County, North Carolina, 28712, or such other specific location in North Carolina as may be from time to time, designated by the Board of Directors, referred to herein as the "Board".

SECTION 3-SEAL:

The Board shall adopt a corporate seal containing the name of the Association, together with the words "corporation not for profit."

SECTION 4-FISCAL YEAR:

The Fiscal Year of the Association shall be July 1 through June 30.

ARTICLE II-PURPOSES AND POWERS

SECTION 1-PURPOSES:

The purposes for which the Association is organized are to further and promote the common interests of the property owners within the development, located on Hondah Road, Transylvania County, North Carolina and in connection therewith to own, maintain, operate or provide for the operation of common properties of all kinds for the use, enjoyment and benefit of its members.

SECTION 2-POWERS:

The Association shall do whatever is necessary, conducive, incidental, or advisable to accomplish and promote its purposes and in connection therewith, shall have, but shall not be limited to, the following powers:

- A. to acquire real or personal property by gift, purchase, or other means;
- B. to own, hold, enjoy, lease, operate, maintain, convey, sell, assign, transfer, mortgage, or otherwise encumber or dedicate for public use any real or personal property owned by it;
- C. to exercise the powers and functions granted to it in recorded subdivision restrictions affecting property in Lake Hondah;
- D. to own, construct, maintain, and operate community facilities of all kinds within the development, to prescribe the use thereof and to contract for the maintenance, operation and management thereof;
- E. to regulate, maintain, rebuild, repair, beautify, and otherwise care for all streets within the development not subject to regulation or maintenance by governmental authority;
- F. to enforce charges, easements, restrictions, covenants, conditions, and agreements existing upon or created for the benefit of the real property within the development;
- G. to levy annual charges upon members and to declare the same a lien against the property subject thereto in accordance with the recorded subdivision restrictions relating to the development;
- H. to provide for the general liability insurance of the Association, and for the indemnification of, and errors and omissions liability insurance for, its directors, officers, employees and/or agents;
- I. to do all other acts necessary or expedient for the administration of its affairs and the attainment of its purposes otherwise inconsistent or in contravention of the laws of the State of North Carolina from time to time existing pertaining to corporations not for profit.

ARTICLE III-MEMBERSHIP

SECTION 1-DETERMINATION:

Membership in the association is limited to persons or entities who are owners of lots in the development and is automatic with and appurtenant to such ownership. Membership may be granted to adjoining property at the discretion of the Board of Directors.

SECTION 2-EVIDENCE OF MEMBERSHIP:

The Association has no capital stock, and shares therein shall not be issued. Membership in the Association may be evidenced by certificates of membership or other written documentation, but failure to do so shall in no way alter or affect the rights, privileges, or obligations of membership. Such evidence of membership shall be issued over the signature or facsimile signature of any authorized officer.

SECTION 3-MEMBERSHIP ROLLS:

A membership roll shall be maintained by the Association containing sufficient data to determine the names and addresses and a description of the lots within the development upon which such membership is based.

SECTION 4-TRANSFER:

Membership in the Association is transferable only upon the conveyance or other disposition of legal or equitable title of the lot or lots in the development upon which such membership is determined and to which it is appurtenant. Transfer of membership may be subject to a transfer fee set by the Board of Directors and to the payment of all indebtedness to the Association of the member whose membership is transferred.

ARTICLE IV-MEETINGS OF MEMBERS

SECTION 1-PLACE OF MEETINGS:

Meetings of the members of the Association shall be held in the County of the Association's principal office in the State of North Carolina at such particular place therein as stated in the notices for such meetings.

SECTION 2-ANNUAL MEETING:

The annual meeting of the members of the Association for the election of directors and for the transaction of such other business as may properly come before said meeting shall be held at such hour and on such day during the months of May or June of each year as shall be determined by the Board.

SECTION 3-NOTICE:

Written notice of each annual meeting shall be given to each member entitled to vote, either by personal delivery or by mail addressed to such member at his record address appearing on the books of the Association. All such notices shall be sent to each member entitled thereto not less than ten (10) and not more than sixty (60) days before each annual meeting, and shall specify the place, the date, and the hour of such meeting, and shall also state the general nature of the business or proposals to be considered or acted upon at such meeting.

SECTION 4-SPECIAL MEETINGS:

Special meetings of the members for any purpose or purposes whatsoever may be called at any time by the Association President, by: (a) a majority of the Board; or (b) by not less than twenty-five (25) percent of the membership entitled to vote at such meetings. Except in special cases where other express provision may be made by statute, notice of such special meetings shall be given in the same manner as for the annual meetings of members. Notices of any special meeting shall specify in addition to the place, date, and hour of such meeting the specific purpose of the meeting, and no other business shall be transacted at such meeting.

SECTION 5-ADJOURNED MEETINGS AND NOTICE THEREOF:

Any members' meeting, annual or special, whether or not a quorum of the members is present, may be adjourned without a meeting if authorized in writing by all of the members who would be entitled to vote upon such action at a meeting duly called.

SECTION 6-QUORUM:

The presence at any meeting, in person or by proxy, of the holders of twenty five (25) percent of the membership entitled to vote shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

If any meeting, annual or special, cannot be held for lack of a quorum, the same may be adjourned, as hereinabove provided, for a period of time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which adjourned meeting the quorum requirement shall be reduced to the presence in person or by proxy of not less than twenty-five (25) percent of such members entitled to vote.

SECTION 7-VOTING:

There shall be only one vote per membership, despite joint or co-ownership and despite the number of lots owned. The only members entitled to vote are those whose names stand on the records of the Association on the Record Date for Voting Purposes, fixed as provided in Article VIII, Section 1, of these Bylaws.

SECTION 8-ACTION WITHOUT MEETING:

Any action, except the election of Directors by mailed ballot, pursuant to the provisions of Article V, Section 3, or except as otherwise provided by law which under the applicable provisions of law may be taken at a meeting of the members, may be taken without a meeting if authorized in writing by all of the members who would be entitled to vote

upon such action at a meeting duly called.

SECTION 9-PROXIES:

Every member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or by his duly authorized agent and filed with the Secretary of the Association.

ARTICLE V- BOARD OF DIRECTORS

SECTION 1-POWERS:

Subject to any limitations of the Articles of Incorporation, of these Bylaws, and of the laws of the State of North Carolina, all corporate powers of the Association shall be exercised by or controlled by a Board of Directors without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

- A. to select and remove all officers, agents, or employees of the Association and prescribe such powers and duties for them as may not be inconsistent with law with the Articles of Incorporation, or these Bylaws;
- B. to conduct, manage, and control the affairs and business of the Association or any of its facilities or properties and to make such rules and regulations therefore as are not inconsistent with law, with the Articles of Incorporation, or these By laws;
- C. to change the principal office for the transaction of the business of the Association from one location to another as provided in Article I, Section 2, hereof: to designate the place for the holding of members' meetings: and to adopt and use a corporate seal;
- D. to take such steps as may be necessary to implement any of the powers of the Association enumerated in Article II, Section 2, hereof, and;
- E. to appoint committees, and to delegate thereto its powers and authority in the management of the business and affairs of the Association and its property except the power to adopt, amend, or repeal By laws. Any such committee shall contain at least one (1) member of the Board.

SECTION 2-NUMBER AND QUALIFICATION:

The authorized number of Directors shall be five (5). Their initial terms of office shall be fixed from time to time by the Board. In no case shall the election of a Director result in a majority of the Directors being from the same family.

SECTION 3-ELECTION AND TERM OF OFFICE:

Until the first Annual Meeting of Members in 1987, the Directors shall be those individuals named in the Articles of Incorporation or their successors determined pursuant to Section 4 of this Article V. At such meeting, and at each Annual Meeting of Members thereafter, directors shall be elected to fill the vacancies of those members whose terms have expired; provided, however, that if for any reason any such Annual Meeting is not held, or the Directors are not elected thereat, they may be elected at any Special Meeting of Members held for that purpose. In any event, all Directors shall hold office until their respective successors are elected.

The Board may also determine that elections of Directors may be held pursuant to mailed ballot where the agenda of the Annual Meeting of Members may be such to justify the use of such method for elections as opposed to a meeting called for such purpose. Elections by mailed ballot shall be effective only if mailed to all members entitled to vote and if the total number of members returning ballots is equal to or exceeds the voting power of the Association required to constitute a quorum at any meeting duly called.

Terms of Successor Directors elected by the members shall be for three (3) years. Terms of Directors appointed by the Board to fill vacancies on the Board may be for any term less than three (3) years, such that approximately one-third (1/3) of the acting number of Directors will be elected annually by the members.

A director who has served a full three year term shall not be eligible to succeed himself in office and may be reelected to the Boards only after a retirement of one (1) year. However, a replacement Director who has served not more than one year of the term of the Director he has replaced may be elected to a full three year term.

SECTION 4-VACANCIES:

Vacancies on the Board may be filled by appointments made by a majority of the remaining Directors though less than a quorum, or by a sole remaining Director, and each member so appointed shall hold office until his successor is elected by the members as herein provided.

A vacancy or vacancies on the Board shall be deemed to exist in case of the death, resignation, or removal of any Director. If the authorized number of Directors is increased, or if the members fail to elect the full number of Directors to be voted for in any election.

No reduction of the number of acting Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

SECTION 5-REGULAR MEETINGS:

Immediately following each Annual Meeting of Members, or if none is held, then following the election of Directors by mailed ballot, the Board shall hold a regular meeting for the purpose of organization, election of Association Officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

SECTION 6-SPECIAL MEETINGS:

Special meetings of the Board may be held at anytime and for any purpose upon call by the President, or if the President is absent or unable or refuses to act, by any Vice President or by any two (2) Directors.

Written notice of the time and place of special meetings shall be delivered personally to each Director or sent by mail, addressed to such Director's address as it is shown in the records of the Association.

SECTION 7-WAIVER OF NOTICE:

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a duly held meeting after regular call and notice, if a quorum be present, and if, either before or after the meeting, each Director not present signs a written Waiver of Notice or a Consent to holding such a meeting or an Approval of the Minutes thereof. Such Waiver, Consent, or Approval may be faxed, telegraphed, or cabled. All such Waivers, Consents, or Approvals shall be filed with the Association Records or made a part of the Minutes of the meeting. Unless attending for the express purpose of objecting to the transactions of any business because the meeting was not lawfully called or convened, a Director who attends a Board meeting shall be deemed to have had timely and proper notice thereof.

SECTION 8-QUORUM:

A majority of the acting number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the full Board unless a greater number be required by law.

SECTION 9-ADJOURNMENT AND NOTICE:

A quorum of the Board may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

ARTICLE VI - OFFICERS

SECTION 1-GENERAL:

The Officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, each of which shall be elected by the Board. The Association may also have such other officers as may be appointed by the Board. Officers, other than the President, need not be Directors. One person may hold two or more offices, except those of President and Secretary.

Each officer shall hold his office until he shall resign or shall have been removed or otherwise disqualified to serve, or his successor shall be elected and qualified: provided, however, that Officers may be appointed at any time by the Board for the purpose of initially filling an office or filling a newly created or vacant office.

SECTION 2-REMOVAL AND RESIGNATION:

Any Officer may be removed by action of the Board. Resignation of Officers shall take effect at the date of the receipt thereof or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3-VACANCIES:

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

SECTION 4-PRESIDENT:

The President shall be chosen from the Board and shall be the chief executive officer of the Association. Subject to the control of the Board, he shall have general supervision, direction, and control of the business and officers of the Association. He shall preside at all meetings of the members of the Board. He shall be an ex officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and such other powers and duties of management usually vested in the office of president of a corporation, and such other powers and duties as may be prescribed by the Board or by these Bylaws.

SECTION 5-VICE PRESIDENTS:

In the absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board, shall perform all 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. The Vice Presidents shall have such other powers and shall perform such other duties as may be prescribed by the Board, the President, or these Bylaws.

SECTION 6-SECRETARY:

The Secretary shall keep or cause to be kept, at the principal office of the Association or such other place as the Board may order, a Book of Minutes of all meetings of the Board and of Association members, or a duplicate thereof, with the time and place of holding meetings, whether Regular or Special, the notice thereof given, the names of those present at Board meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or other such place as the Board may order, the Membership Roll or Register referred to in Article III, Section 3, hereof.

The Secretary shall give or cause to be given notice of all the meetings of the members and of the Board required by law or by these Bylaws to be given: shall keep the Seal of the Association in safe custody; and shall have such other powers and perform such other duties as may be prescribed by the Board, the President, or these Bylaws.

SECTION 7-TREASURER:

The Treasurer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, and disbursements. The Books of Account shall at all times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the name of and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the association as may be ordered by the Board; shall render to the President and Board members upon request an account of all of his transactions as Treasurer and of the financial condition of the Association; and shall have such other powers and perform such other duties as may be prescribed by the Board, the President, or these Bylaws.

ARTICLE ~~VI~~^{VII}-ASSESSMENTS

SECTION 1-GENERAL:

The Association shall have the power to levy annual and special assessments as herein set forth. All assessments shall be prepaid on an annual basis or paid to the Association in installments as may be determined by the Board.

SECTION 2-ANNUAL ASSESSMENT:

Each year the Board shall consider the current and future needs of the Association and, in light of such needs, fix by resolution the amount of annual assessment to be levied against each lot in the development, which amount shall be a debt of the member owning such lot, however such assessment may not be increased by more than ten (10) percent of the previous year's assessment. If additional annual assessments are necessary, such assessments may only be levied with the consent of a majority of the membership.

Owners of undeveloped lots will be assessed at \$100.00 less the assessment of a developed lot for each lot owned.

When a permit for construction is issued, an Impact Fee, 2 ½ times the annual assessment for a developed lot, shall be paid to the Association within (30) days by the owner of the lot on which the building is to be built. In the case of a remodel, garage or addition construction, it would be exempt from the Impact Fee. All impact fees collected shall be used for the sole purpose of normal road maintenance as determined by the Board of Directors. Any assessment for undeveloped lots paid during that fiscal year prior to the issuance of the permit for construction shall then be recalculated as a developed lot and shall also be due within 30 days. This assessment shall remain in effect whether or not the house remains occupied.

SECTION 3-NOTICE:

The Secretary shall mail to each member whose lot is assessed at such member's record address, written notice of each annual assessment and the time and manner for payment thereof at least thirty (30) days prior to the time such assessment shall become due and payable.

SECTION 4-SUSPENSION:

The Association shall not be required to transfer membership on its books or to allow the exercise of any rights or privileges of membership on account thereof to any member or to any persons claiming under them unless or until all assessments and charges to which the same are subject have been paid.

SECTION 5-LIENS:

The amount of any assessment, plus any other charges thereon, including interest at ten (10) percent per annum from the date of delinquency and the costs of collection (including attorney's fees), if any, shall constitute and become a lien on the lot assessed when the Board causes to be recorded among the public records of Transylvania County, North Carolina, a Notice of Assessment which shall state the amount of such assessment and such other charges and description of the lot which has been assessed. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment of said assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Board shall cause to be so recorded a further notice stating the satisfaction and the release of the lien thereof.

SECTION 6-PRIORITY OF LIEN:

Such lien shall be prior to all other liens recorded subsequent to said notice of assessment except that liens of first

mortgages incurred for the purpose of constructing a residence or other improvements and which are recorded in accordance with applicable law shall be superior to any and all such liens provided for herein.

SECTION 7-ENFORCEMENT:

The lien provided for herein may be foreclosed by suit by the Association in like manner as a Deed of Trust and, in such event, the Association may be a bidder at a foreclosure sale. The Association may also pursue any other remedy against any member owing money to the Association, which is available to it by law for the collection of debt.

ARTICLE VIII -MISCELLANEOUS

SECTION 1- RECORD DATE:

The Board may fix a time in the future as a Record Date for the determination of members entitled to Notice of Ballot. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting or election. When a record date is so fixed, only members of record on that date shall be entitled to notice of and to vote at the election or meeting, notwithstanding any change of membership status after the record date.

SECTION 2-INSPECTION OF RECORDS:

The Membership Roll or Register or duplicate thereof, the Books of Account and minutes of proceedings of the members, the Board, and any committee shall be open upon the written demand of any member at any reasonable time and for purpose reasonably related to his interest as a member.

SECTION 3-CHECKS AND DRAFTS:

All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

SECTION 4-ANNUAL ACCOUNTING:

An annual report and account, including a statement of income and disbursements, shall be sent to the members no later than one-hundred-twenty (120) day's after the close of the Association's fiscal year.

SECTION 5-EXECUTION OF CONTRACTS:

The Board, except as may be otherwise provided in these Bylaws, may authorize any officer or officers, agent, or agents to enter into any contract or execute any instrument or document in the name of and on behalf of the Association and such authority may be general or confined to specific instances. Unless otherwise specifically determined by the Board, or otherwise required by law, formal contracts, promissory notes, and other evidences of indebtedness, mortgages, and other corporate instruments or documents requiring the corporate seal shall be executed, signed, or endorsed by the President (or any Vice President) and by the Secretary (or any assistant secretary) or the Treasurer.

SECTION 6-INSPECTION OF BYLAWS:

The Association shall keep in its principal office for the transaction of business the original or a copy of the Bylaws as amended from time to time, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

ARTICLE IX-AMENDMENTS

New Bylaws may be adopted or these Bylaws may be amended or rescinded by the vote or written assent of a simple majority of the members entitled to vote either in person or by proxy, at any annual or special meeting called for that purpose. The same may be by mailed ballot in the event that no meeting is called.