Amended December, 2007

AMENDED BYLAWS
OF
TRIMONT MOUNTAIN ESTATES COMMUNITY ASSOCIATION, INC.

ARTICLE 1 – NAME

The name of this non-profit corporation shall be Trimont Mountain Estates Community Association, Inc. (hereafter the “Association” or “TMECA”).

ARTICLE II – BUSINESS ADDRESS

The business address of the Association is 3 Trimont Mountain Road, Franklin, North Carolina, 28734. The business address may be changed by the Board of Directors of the Association if required by the U.S. Postal Service, or for any other reason deemed necessary and appropriate by the Board.

ARTICLE III – DEFINITIONS

For purposes of these Bylaws, the following words or phrases are defined as follows:

A. “The Subdivision” refers to the Trimont Mountain Estates Subdivision as that land area is shown on the official recorded plats maintained by the Macon County, North Carolina Recorder of Deeds Office, including such additional lands as may be added to the Subdivision in the future.

B. “The Developer” refers to College West Estates, Inc., 5318 Lower Burningtown Road, Franklin, North Carolina, 28734.

C. “Owner’ or “Owners” refers to any person, firm, corporation, trust, other legal or commercial entity, or any combination thereof, other than the Developer, who or which holds a fee or undivided fee interest in any Lot, the ownership of which requires the Owner to become a member of the Association.

D. “Lot” refers to each lot, tract or other parcel of land within the Subdivision, or which is or becomes subject to the Bylaws and regulations of the Association. For purposes of these Bylaws, the term “Lot” includes any portion of a Lot that has been subdivided into distinct parcels of land, which distinct parcels are owned by different Owners.

E. “Non-Member Lot” refers to any lot, tract or other parcel of land that is located within the Subdivision that is not required to join the Association. Individuals or entities that own a non-member lot voluntarily may join the Association, in which case they will be deemed to be an “Owner,” as that term is defined above, and for purposes of establishing their rights and responsibilities under these Bylaws.

F. For purposes of levying Road Impact Assessments (See Article XV, Section 1), an “Unimproved Lot,” refers to a Lot, as previously defined, that remains in an undisturbed, natural state. By way of example only, a Lot upon which any grading has occurred, where a site has been cleared for the construction of a home, where a septic system has been installed, where water service has been connected, or where the construction of a home foundation has begun would no longer be deemed to be in an undisturbed, natural state and would not be defined as an Unimproved Lot.

G. “The Planning Review Board” is composed of three (3) Association members who are appointed by the Board to serve two (2) year terms. The Planning Review Board reports to the Association Board and its responsible for the day-to-day administration and enforcement of the Association’s Construction Rules.

H. “Board” refers to the Trimont Mountain Estates Community Association, Inc. Board of Directors.

ARTICLE IV – MEMBERSHIP

Every Owner shall be a member of the Association. This includes individuals/entities who/that purchase Lots from the Developer since, as stated in the Deed Restrictions, when the Developer transfers ownership of any Lot, the new Lot owner must and automatically shall be a member of the Association, and shall be deemed to be an Owner as that term is defined in Article III, above. Being an Owner shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership. Thus, membership in the Association transfers automatically with the transfer of title to a Lot from one Owner to the next, and no member may resign or withdraw from the Association unless all ownership interest in a Lot is terminated.

ARTICLE V --PURPOSES OF THE ASSOCIATION

The purposes and duties of the Association are:

A. To act as a successor organization to the Trimont Improvement Association, Inc.

B. To manage the Subdivision pursuant to the terms and provisions of the North Carolina General Statutes applicable to the Association, these Bylaws, such rules and regulations as may be promulgated by the Association or its Board of Directors, and the Deed Restrictions to which certain Lots within the Subdivision are subject.

C. To enforce the provisions of these Bylaws, the Deed Restrictions, and such rules and regulations as may be promulgated by the Association or its Board of Directors.

D. To promote and protect the enjoyment and beneficial use and ownership of all Lots that are part of the Association and that are included within the Subdivision, including, without limitation, activities such as the construction, maintenance, repair, replacement and expansion of improvements such as road, water systems, and water drainage culverts and systems.

E. To organize and underwrite the cost of membership gatherings and meetings.

F. To levy assessments, dues, fees and charges in pursuit of the purposes set forth in these Bylaws.

G. To exercise all other powers granted by law to non-profit corporations.

No part of the earnings of the Association shall inure to the benefit of its members, the members of the Board of Directors or its 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.

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ARTICLE VI – ASSESSMENTS AND FEES

Section 1. Annual Assessment: An annual assessment will be issued for each Lot. This assessment will be separated into two funds, more fully described below, and the notice of assessment will reflect the amount due, by Lot, for each fund. The amount of the annual assessment will be adjusted from time to time by the Board to ensure that the Association's aggregate revenues are sufficient to meet its projected operating expenses and other financial obligations, including the enforcement of these Bylaws, the Deed Restrictions and the Association's Construction Rules. The fund categories that will be listed in the annual assessment are:

A. General Operating Fund – Expenses covered by this fund include the day-to-day operating expenses of the Association, including the maintenance of systems and improvements for which the Association is responsible.

B. Capital Improvements/Emergency Reserve Fund – Monies collected for this fund will be used to finance the improvement or expansion of the road, water, and other systems for which the Association is responsible. Some of the money collected under this category may be placed in an Emergency Reserve Fund that can be used to affect emergency repairs to the water, road and other systems for which the Association is responsible if adequate funds are not available in the General Operating Fund. Monies collected under this category will be kept separate from the General Operating Fund in an interest bearing account. Interest earned from this account will be transferred to the General Operating Fund at the end of each year.

Section 2. Water Fee: The Association purchases water from the Town of Franklin. On an annual basis, the Board will project the cost of purchasing water for the Association, including the cost of the electricity required to run the Association's water system. This projected annual cost will be apportioned equally over all Lots that are then connected to the Association's water system. A bill reflecting this cost will be sent to all Lot owners in May of each year, or at such other date as the Board selects. Lot owners who connect to the Association's water system after the issuance of this annual notice will receive a prorated Water Fee bill that will include the full month in which they are connected to the system, through the end of the annual billing cycle.

Section 3. Ad Hoc Maintenance Assessment: In the event that any Owner, including their guests, invitees, employees or contractors, should deface the appearance of the community or damage any part of the road, water or other systems or amenities maintained by the Association, during construction or otherwise, such Owner will be sent and will be required to pay an Ad Hoc Maintenance Assessment in an amount adequate to cover the cost of repairing the damage. Written notice of such an assessment will be delivered in the same manner as other assessment notices as described in Section 8, below. Ad Hoc Maintenance Assessments will be deposited in the General Operating Fund or the Capital Improvement/Emergency Reserve Fund, as appropriate.

Section 4. Emergency Assessments: In the event of an unanticipated expense or liability that can not be paid through the one of the funds described in Section 1, above, or, if payable through one of such funds, inadequate monies exist to cover the expense, the Board may issue an Emergency Assessment on all Lots in an amount deemed sufficient by the Board to cover the expense or liability. An Emergency Assessment may be issued at any time during the Association's fiscal year and notice of such an assessment will be given following the procedure outlined in Section 8, below.

Section 5. Assessment of Combined Lots: In the event that two (2) adjoining Lots are combined into a single Lot, and platted as such, in its discretion, the Association may elect to treat the combined Lots as a single Lot for purposes of levying applicable annual assessments. In order to obtain the Association's approval to combine Lots in this manner, the Owner must present to the Board a document, duly recorded by the Macon County, North Carolina Recorder of Deeds, that states the Owner's intention to make the Lot consolidation perpetual and that precludes the Owner from ever subdividing the property into smaller, individual Lots. This document must be presented to the Board by October 15th in order to be effective for the next year's assessment.

Section 6. Membership Fee: Non-Member Lots located within the Subdivision will be assessed a one-time membership fee of Twenty-Five Hundred Dollars ($2,500.00) in order to join the Association. This assessment may be increased at the discretion of the Board and is not subject to the notice requirements set forth in Section 8, below.

Section 7. Notice of Assessments and Fees: It is the responsibility of each Owner to pay assessments and fees issued by the Association. Assessments and fees will be due at such time during each calendar year and in such amounts as the Board may from time to time establish. Owners will be notified, in writing, as to the nature and the amount of the assessments or fees that are payable to the Association. Such notice will be given at least thirty (30) days prior to the due date of the assessment or fee. An assessment or fee notice will be deemed to have been issued to every Owner if it is given to any one Owner. Such notices will be deemed properly given if it is hand delivered to an Owner or if it is deposited, postage paid, with the U.S. Post Office and addressed to such Owner at the latest address shown on the records of the Association, or if no address is shown on such records, the address shown on the Owner's deed or on the records of the Macon County, North Carolina Tax Collector's office. It is the responsibility of each Owner to keep the Association furnished with the Owner's current mailing address.

Section 8. Delinquent Assessments and Fees: An assessment or fee will be deemed delinquent if not paid in full by the time established by the Board and set forth in the notice. If any assessment or fee, or any part of an assessment or fee, is not paid by the due date, interest at the rate of eighteen (18) percent per annum or the maximum interest rate allowed by law, whichever is less, shall accrue on the unpaid, delinquent assessment or fee balance until paid in full. The accrual and requirement to pay interest on delinquent assessments and fees is in addition to other remedies and penalties described in Section 9, below, and/or permitted by law.

Section 9. Actions That May Be Taken For Non-Payment Of Assessments and Fees: Any or all of the following actions may be taken by the Association in an effort to secure the payment of delinquent assessments:

A. Limitation of Services – The Association will not furnish water from its water system to any Owner, or to any non-Association member who has been permitted to use the water system, if that Owner or non-member user is more than thirty (30) days delinquent in the payment of any assessment, fee or fine. The Association will provide thirty (30) days prior written notice to any delinquent

Owner before terminating water service. During this thirty (30) day period, the Owner may bring to the Board's attention any information that the Owner deems relevant in order to challenge the underlying assessment, fee or fine, or to the termination of the Owner's water service. The Board, in its discretion, may postpone the termination of water service while it considers the information provided by the Owner.

B. Liens – The Association may seek to secure the payment of any delinquent assessment, fee or fine by filing a lien against the Lot in the Office of the Clerk of the Superior Court of Macon County in a form and manner as provided by North Carolina law. No statute of limitations shall apply to the Association in filing such liens. The Association is authorized to foreclose such liens in the same manner as a Mechanic's Lien on real property under N.C.G.S. Chapter 44A; however, such liens will be subordinate to the lien of any institutional lender that has lent money to the Owner for the purpose of purchasing or improving a Lot. The Association may purchase the Lot at any sale ordered pursuant to an action to foreclose on the lien.

C. Other Collection Efforts – The Association may bring a legal action against an Owner in which it seeks a money judgment in the amount of the delinquent assessment, plus interest and court costs. If such a legal action is filed, the Association also shall be entitled to recover the attorney's fees it incurred in connection with its collection efforts.

ARTICLE VII – FINANCIAL MATTERS

Section 1. Financial Records: The Treasurer, in accordance with generally accepted accounting principles, will maintain the Association's financial records and books. An independent auditor will review the Association's records and books at least every three (3) years.

. . Section 2. Fiscal Year: The fiscal year of the Association will begin on the first day of January each year, and will end at midnight on the thirty-first day of December of each year.

Section 3. Contracts: The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association, and such authority may be general or confined to a specific circumstance.

Section 4. Loans: No loan shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name.

Section 5. Checks and Drafts: All checks, drafts, or other orders for the payment of money, issued in the name of the Association, will be signed by the President or the Treasurer of the Association.

Section 6. Deposits: All Association funds, not otherwise needed, will be deposited from time to time in Association accounts maintained by such depositories chosen by the Board.

Section 7. Limit on Expenditures: While the Board is responsible for the day- to- day operation of the Association, in the absence of an emergency situation, it may not spend more than twenty-five thousand ($25,000.00) for any single contract or project. In the event that the Board deems it appropriate to spend more than this sum for any non-emergency contract or project, it will seek the approval of the Association's members to do so. If a majority of the Owners responding agree to the expenditure, the Board will proceed with the contract or project.

Section 8. Gifts: The Board may accept contributions, gifts, or bequests on behalf of the Association to further any of the Association's purposes.

ARTICLE VIII – MEMBERSHIP MEETINGS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Macon County, North Carolina, as is designated by the Board on the meeting notice.

Section 2. Annual Meetings. The annual meeting of the members shall be held at such place, day and hour as the Board may designate in the meeting notice. The meeting shall be held to conduct the following business:

A. To approve or to reject the summary of the proposed budget submitted by the Board for the upcoming calendar year.

B. To elect members to fill open positions on the Board.

C. To transact any other business that: (1) The Board believes should be brought before the membership, or (2) A member(s) wishes to bring up at the meeting; provided, however, that in order to place any matter on the meeting agenda, the member(s) must provide the Board with a written notice, describing the matter that the member(s) wishes to raise, no later than seven (7) calendar days prior to the meeting date.

Section 3. Special Meetings. Special meetings of the Association may be called by the President, by the Board, or upon written request of not less than twenty-five percent (25%) of the Association's Owners. Such meetings may be called to conduct any bona fide business of the Association, including the election of Directors if such elections could not be accomplished at the Annual Meeting.

Section 4. Notice of Meetings: Written notice of all Association meetings will be delivered not less than ten (10) nor more than forty-five (45) days prior to the meeting date, either personally or by U.S. Mail, to each Owner. The notice will state the time and place of the meeting and will also state the items on the meeting agenda that are known to the Board at that time. If mailed, such notice will be deemed as having been delivered when deposited in the U.S. Mail, addressed to the Owner at his/her address as it appears on the Association's membership records, with postage thereon prepaid. If the Owner has not supplied the Association with an address, the Association may rely on the most recent records of the Macon County, North Carolina Tax Collector to determine the address of the Owner.

Section 5. Consent to Act Without Meeting: Owners may consent in writing to take any action required by law or otherwise without the need for a meeting. The consent form must include a description of the action under consideration or designate documents that contain such a description. An action can be taken without a meeting only if all Owners entitled to vote on the matter consent to act without a meeting. If such unanimous consent is given, a simple majority of those who gave their consent is required in order for the matter under consideration to be passed and adopted.

Section 6. Voting Rights: On matters of the Association's business that are submitted to the membership for a vote, there shall be one (1) vote per Lot, regardless of the number of Owners of a Lot; provided, however, when voting to elect Board members, each Lot may vote to fill each of the positions that are vacant, e.g., if two (2) Board positions are open, each Lot may vote for two of the Association members who placed their names in consideration.

Section 7. Quorum: There shall be no requirement of a quorum for submitting any matter to a vote at any Annual Meeting properly called and convened under these Bylaws. At any Special Meeting, twenty percent (20%) of the Lots (represented in person or by proxy) shall constitute a quorum for the purpose of submitting any matter to a vote. Except as otherwise provided by these Bylaws or the laws of the State of North Carolina, 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.

Section 8. Voting by Proxy: Votes may be cast by an Owner in person or by one or more agents authorized by a dated, written proxy executed by the Owner 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 shall be deemed sufficient:

- *The undersigned hereby irrevocably constitute and appoint _______________ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Lot __, on all matter submitted to vote at that meeting of the Trimont Mountain Estates Community Association, to be held on _______, ____. 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 ______ day of ____________, _____.

  ____
  [Owner's Signature]

Section 9. Voting by Mail: At the discretion of the Board, the election of Directors may be conducted by mail. In such cases, the Board will determine the manner and method by which such voting will occur, including the design of the ballot.

Section 10. Waiver of Notice: Any Owner may waive notice of any meeting. The attendance of an Owner at a meeting shall constitute a waiver of notice of such meeting, except where an Owner attends for the express purpose of objecting to the transaction of any business because the meeting has not lawfully been called or convened.

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ARTICLE IX – BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office: The business and affairs of the Association shall be managed by a Board of Directors composed of seven (7) individuals who shall be entitled to act on behalf of the Association. The Directors shall serve staggered two (2) year terms such that three (3) new Directors will be elected in odd numbered years and four (4) new Directors will be elected in even numbered years. The positions of Directors whose term is set to expire will be filled by vote of the Owners at the Annual Meeting. A Director may serve no more than two (2) consecutive terms, after which the Director would have to wait one (1) year (until the next election) before again being eligible to run for office. Each Director shall remain in office until his/her successor is elected. Any Owner in good standing is eligible to run for an open Director's position.

Section 2. Powers and Duties: The Board shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not amend these Bylaws, terminate the Subdivision, elect members of the Board (except to fill a vacancy that has occurred during the term of an elected Board member) or determine the qualifications, powers, duties or terms of office of members of the Board. Without limiting the Board's overall authority to act on behalf of and in the interest of the Association, the Board shall have the following specific powers, duties and responsibilities:

A. The Board will keep a complete record of all of its acts and all affairs of the Association and make the same reasonably available for examination by any Owner, his/her agents or mortgagees.

B. The Board will develop a proposed annual budget for the Association. A copy of the proposed budget, including the amount of any proposed assessments against the Lots, shall be sent to the Owners with the notice of the Annual Meeting. The proposed budget shall be deemed ratified unless more than fifty percent (50%) of the Owners casting votes at the Annual Meeting vote to reject it. In the event that the proposed budget is rejected, the annual budget last approved will be continued until such time as the Owners ratify a budget subsequently proposed by the Board.

C. The Board may impose fines for non-compliance with its Construction Rules (See Article XV). The Board also may issue Ad Hoc Maintenance Assessments (See Article VI) in amounts that the Board deems adequate in order to repair damage to Association systems and property.

D. The Board may retain a management agent to perform and to execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board of its fiduciary responsibilities to the Association.

E. The Board may purchase insurance, including Officer and Director's insurance, in amounts it deems appropriate in order to protect the interests of the Association.

Section 3. Removal of Directors: Any Director may be removed at any time with or without cause by a vote of at least sixty seven percent (67%) of the Owners present at any meeting of the membership of the Association at which a quorum is present.

Section 4. Vacancies: In the event of the death, disability, resignation or removal of a Director, his/her successor shall be selected by the remaining members of the Board to serve until the expiration of the term of the Director who created the vacancy.

ARTICLE X – MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board will be held on a periodic basis, the frequency, date and location to be determined by vote of the Board members.

Section 2. Special Meetings: Special meetings of the Board may be called at the request of the President or any two Directors. Absent an emergency condition, the person or persons calling a Special Meeting shall give notice of the meeting to the other Directors at least five (5) days prior to the meeting. Such notice may be given in writing, by phone or by email sent to each Director's Association email address. Such notice need not specify the purpose of the meeting that is being called. Any Board member may waive notice of any meeting. The attendance by a member of the Board at a meeting shall constitute waiver of notice of such meeting, except where a member of the Board attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 3. Informal Action by the Board: Action taken by a majority of the Board without a meeting shall be deemed to be an authorized action of the Board if written consent to the action in question is signed by all of the members of the Board and filed in the Association's records, whether such written approval is obtained before or after the action so taken.

Section 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 members of the Board.

Section 5. Board Decisions: Except as otherwise provided by these Bylaws, the act of the majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board.

Section 6. Committees of the Board: The Board may establish either standing or ad hoc committees composed of Board members and/or Association members to assist in its work. A member of the Board shall chair such committees.

ARTICLE XI – OFFICERS

Section 1. Officers: The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. These officers shall be elected by the Board from among those Owners elected by the membership to serve on the Board. Officer elections shall occur annually at the first regularly scheduled Board meeting following the election and confirmation of new Board members at the Annual Meeting. The Board may elect or appoint from its membership such other officers, including one or more Assistant Secretaries, Assistant Treasurers or Recording Secretaries. Such officers shall have the authority and perform duties as specified by the Board. The same person, other than the President, Secretary and Treasurer may hold more than one Board officer position.

Section 2. Powers and Duties:

A. President – The President will serve as the principal executive officer of the Association and, subject to the control of the Board of Directors, generally will supervise and control all of the business and affairs of the Association. He/she, when present, will preside over all meetings of the members. He/she will sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or by law must be signed by another person. He/she may, in lieu of the Treasurer, sign checks that are issued on behalf of the Association.

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

C. Secretary – The Secretary will: 1) keep or supervise the keeping of the minutes of the meetings of the members as well as the Board and of all Executive Committees in one or more books provided for that purpose, 2) ensure that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, 3) be custodian of the corporate records and of the seal of the Association and ensure that the seal is affixed to all Association documents that are required to be executed under seal, 4) maintain a record of all member addresses, and 5) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board.

D. Treasurer – The Treasures will: 1) have charge and custody of and be responsible for all Association funds and securities, 2) properly maintain the books and financial records of the Association, ensuring, among other things, that monies are applied to purposes for which they were assessed, 3) provide monthly reports showing the amount of funds on deposit, checks written during the period, outstanding amounts due the Association, a reconciliation of funds, and any other data requested by the Board, 4) prepare yearly budgets, 5) prepare and mail notices of assessments, fees, fines and other monies due the Association as directed by the Board, 6) make deposits to the credit of the Association in such banks, trust companies, or other financial institutions selected by the Board, 7) obtain bids for work to be performed on behalf of the Association, 8) prepare and issue (electronically or otherwise), all Association checks, drafts or orders of payment of money or other evidences of indebtedness; provided, however, that checks, drafts or orders of payment in excess of twenty five hundred dollars ($2,500.00) may not be issued by the Treasurer unless first approved by a motion of the Board, and 9) in general, perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President of the Board.

ARTICLE XII – INDEMNIFICATION

Any person who at any time serves or has served as an officer, a member of the Board, or a member of the Planning Review Board shall have a right to be indemnified by the Association or its insurer 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 proceeding (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 judgment, money decree, fine, penalty, or settlement for which he/she may have become liable in any such action, suit or proceeding.

In order to seek indemnification, the affected current or former officer, Board or Planning Review Board member must notify the Board within thirty (30) days of the date that he/she is first made aware of the threatened legal claim, demand or action. Upon receiving such notice, the President shall promptly call a special meeting of the Board to obtain approval to submit the indemnification claim to the Association's insurance carrier, if appropriate, or otherwise to pay the claim. Such approval may be general or confined to specific conduct or acts, but shall not be unreasonably withheld. Upon approval by the Board, the President shall promptly cause the indemnification claim to be submitted to the Association's insurance carrier or to be paid, as appropriate to the circumstances.

Any person who at any time after the adoption of this Bylaw serves or has served as an officer, or a member of the Board or the Planning Review Board 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 XIII – DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to a nonprofit organization with purposes similar to those of the Association, or to any other organization eligible under the provisions of Chapter 55A of the General Statutes of North Carolina. However, in no event shall the residual assets of the Association be distributed in a fashion that terminates the Association's exempt status under Section 528 of the Internal Revenue Code of 1986 or any corresponding sections or provisions of any future U.S. Internal Revenue law.

ARTICLE XIV – SECTION 528 STATUS

The Association has elected and will be managed in such fashion as to maintain tax-exempt status under Section 528 or the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by an Association electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future U.S. Internal Revenue law.

ARTICLE XV – CONSTRUCTION ASSESSMENTS AND RULES

Section 1. Road Impact Assessment: The Road Impact Assessment is intended to offset the future cost of repairing the Association's road system, which system is negatively affected by the traffic of heavy trucks and equipment during construction. This assessment will not be applied to repair specific damage to the Association's systems or property that occurs during construction; rather, such damage will be addressed through the imposition of an Ad Hoc Maintenance Assessment (See Article VI). Owners must pay the Road Impact Assessment before construction can begin. A non- refundable Road Impact Assessment will be levied on any Owner who:

A. Conducts or authorizes others to conduct activity on an Unimproved Lot that disturbs its natural state and that converts an Unimproved Lot to a Lot, as those terms are defined in Article III of these Bylaws. The Road Impact Assessment that will be levied in this situation is Two Thousand Five Hundred Dollars ($2,500.00), but the Board in its discretion may increase this amount.

B. Remodels or expands an existing home; builds a shed or outbuilding; installs, resurfaces or expands a driveway; constructs retaining walls or other hardscaping; installs, upgrades or repairs a septic system; installs or upgrades a propane tank; moves dirt, gravel or other materials to or from a Lot; or, engages in any similar activity on a Lot. No Road Impact Assessment will be imposed in response to any of these activities unless the activity requires the issuance of a permit and the fee for the permit is more than One Hundred Dollars ($100.00). If applicable, the Road Impact Assessment that will be levied in the case of such activities is Seven Hundred and Fifty Dollars ($750.00), but the Board in its discretion may increase this amount.

Section 2. Water Impact Assessment: The Association will levy a non-refundable Water Impact Assessment on Owners who request that their Lots be connected to the Association's water system. This assessment is intended to defray the expense of physically connecting the Lot to the water system as well as the general impact on the water system of supporting an additional user. The Water Impact Assessment must be paid before any new Lot is connected to the water system. The current assessment is Two Thousand Five Hundred Dollars ($2,500.00), but may be increased by the Board in its discretion. If an Association road must be cut in order to connect a Lot to the water system, the Owner will be responsible for the expense associated with repairing the road to its former state, and this expense will not be credited against either the Water or the Road Impact Assessments.

Section 3. Planning Review Board: The Association has established a Planning Review Board composed of three (3) Owners appointed by the Board. Before any Owner commences construction that requires the issuance of a building permit, the Owner must provide the Planning Review Board with a tie-in survey, sealed by a registered land surveyor, that shows the footprint of the proposed construction relative to the set backs and right of ways (established by the Deed Restrictions and Recorded Plat for the Subdivision) that border the Lot. The Planning Review Board will review the tie-in survey to ensure that the proposed construction does not encroach on the set backs and right of ways, and inform the Owner of its findings within seven (7) days following the submission of the tie-in survey. If the Planning Review Board determines that the footprint does intrude into the set backs or right of ways, the Owner may appeal that finding to the Board at its next scheduled meeting. If the Planning Review Board determines that the placement of a building or structure intrudes on the set backs or right of ways, the Owner must immediately cease construction while he/she redraws his/her plans or appeals the decision to the Board. Should the Owner not stop construction – either pending the Board's review or after the Board considers the matter and affirms the finding of the Planning Review Board – the Board will file a lawsuit against the Owner in which it seeks an injunction, among other remedies.

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Section 4. Construction Rules and Assessments for Non-Compliance:

A. All construction activities must stop no later than dusk, as determined by the National Weather Bureau in Asheville, North Carolina, and may not begin any earlier than 7:00 AM, Monday through Saturday. No construction shall occur on Sunday.

B. All construction materials, equipment, vehicles and sanitary facilities must be stored/parked on the Lot where the construction is occurring and may not be left in the right of way.

C. During construction, Lots must be kept free of litter and debris that could be transported by the wind or by water to adjacent Lots.

D. The Association will first issue a warning to a Lot owner that his/her construction activities are in violation of one of the foregoing rules. If the infraction is not corrected within two (2) business days, an assessment of Fifty Dollars ($50.00) will be levied for each day that the infraction remains uncorrected. Monies collected by the Association from such assessments will be deposited in its General Fund. The Board may increase the amount of the assessment for non-compliance with the Association's construction rules at its discretion.

Section 5. Encroachment on Right of Ways: Any Owner that places landscaping, yard signs or other objects in the right of way will be responsible for maintaining the area around the encroachment. The Association will contact any Owner who fails to maintain the area involved. If the Owner does not thereafter perform appropriate maintenance, the Association will undertake that work and assess the Owner for the cost. In no event may an Owner encroach closer than five (5) feet from the edge of a roadway with any object. The Board will notify Owners who violate this restriction and request that the object be moved. In the case of all encroachments, the Owner responsible for placing the object in the right of way is solely responsible for any personal injury or damages that resulting from the installation or placement of the object.

Section 6. Encroachment of Septic Systems on Right of Ways: The portion of any septic system that is located below ground but within a right of way is subject to being cut or destroyed by any activity that is conducted or authorized by the Association within the right of way. Such activities could include the widening or improvement of roads; the relocation, improvement or repair of the water system; or the placement of utilities. Owners who locate septic systems within but under any right of way are solely responsible to the cost or replacing or repairing any damage that may occur to such a system due to Association activities within the right of way. For this reason, Owners are strongly encouraged not to locate septic systems within these areas.

ARTICLE XVI – GENERAL PROVISIONS

Section 1. Seal: The corporate seal of the Association shall consist of two concentric circles bearing the name of the Association and the words “Corporate Seal” and “North Carolina” or “NC.”

Section 2. Amendments: Except as provided in subsection A, these Bylaws may be amended, repealed, or revised and new Bylaws may be adopted by a vote of Fifty-One percent (51%) of the Voting Members of the Association.

A. At such time that the Developer no longer owns any Lots, including Unimproved Lots, and has no outstanding obligations or liabilities to the Association, the Board, without membership action, may amend these Bylaws by deleting any provisions or references in these Bylaws that relate solely to the Developer.

Section 3. Sale and Rental Signs: All “For Sale” and “For Rent” signs shall be of a uniform size, color and layout. Signs are to be no larger that twenty four (24) inches wide and twelve (12) inches tall. The word “Available” may appear on the top of the sign in red letters, not exceeding three (3) inches tall. The realtor’s name and phone number shall appear in green. The background of the sign shall be cream with an optional green border around the outside. No other words, signs or symbols may appear on the sign.

Section 4. Reimbursement of Directors: Reimbursement of expenses incurred by Board members on behalf of the Association will be submitted to the full Board for review. Upon approval of the expense by motion of the Board, the expense may be reimbursed.

Section 5. Conflicts of Interest: Members of the Association who have a direct or indirect (through a family member, business partner, etc.) financial interest, may not bid on or perform work for pay on behalf of the Association without first fully disclosing the nature of their interest to the Board. To the extent that a Board member seeks to perform such work, he/she must disclose the potential conflict of interest and may not participate in the Board’s review of other, competing bids, or vote with the Board in selecting from among the bids.

Amended December, 2007

Section 6. Animals: No livestock, poultry, or other animals will be kept on any Lot except animals that are kept as household pets. If pets are permitted outdoors, they shall be supervised by their owners and kept under such restraints so as not to become a nuisance or a threat to other Owners, their property, visitors to their property, or wildlife in the area.