

**BYLAWS OF
HURRICANE RIDGE PROPERTY OWNERS ASSOCIATION, INC.
A NORTH CAROLINA NON-PROFIT CORPORATION
As Amended and Approved - June 12, 2010**

**ARTICLE I
IDENTITY**

These are the Bylaws of the HURRICANE RIDGE PROPERTY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, (the "Association").

For the purpose of these Bylaws, terms specifically defined or referenced in the Articles of Incorporation for the Association (the "Articles"), the Restrictions and Easements of Hurricane Ridge Subdivision, as amended (the "Restrictions"), the North Carolina Non-Profit Corporation Act, Chapter 55A, North Carolina General Statutes (the "Act"), or those applicable provisions of the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes (the "NCPCA"), shall have the same meaning herein. Unless the Articles, Restrictions or Bylaws expressly provide otherwise, the procedures and substantive matters governing the Association can be determined by reference to the Act and applicable provisions of the NCPCA.

**ARTICLE II
DEFINITIONS**

- 2.1 Community property. All of the assets, both real and personal, owned by the Association.
- 2.2 Developer. Hurricane Ridge Ltd., its successors and/or assigns.
- 2.3 Hurricane Ridge Property Owners Association, Inc., ("HRPOA"). The property owners association referenced in the restrictive covenants for the Development of Hurricane Ridge, Sections A, B and C.
- 2.4 Development. Platted lots within Hurricane Ridge, Sections A, B and C as shown on plats recorded in Plat Cabinet B, slides 221, 237, 247, 257, 291, and 367G, all of the Haywood County, N.C. Register's Office.
- 2.5 Immediate Family Member. Spouse, mother, father, brother, sister, or child of the designated lot owner or the spouse of any such relative.

ARTICLE III
QUALIFICATIONS AND RESPONSIBILITIES OF MEMBERS

- 3.1 Member of the Association. Each person, real, or corporate acquiring title to any lot in the development shall automatically become a member of the Association at the time title to the lot is acquired.
- 3.2 Each member by acquiring title to any lot in this subdivision, covenants and agrees to be bound and abide by all of the terms of the Restrictions and Easements of Hurricane Ridge Subdivision, as amended, and recorded in the Land Registry of Haywood County, North Carolina, as well as all rules and regulations promulgated by HRPOA.
- 3.3 More Than One Owner. Subject to the right to vote conditions set forth in Article V below, when there is more than one owner of a lot, all such persons shall be members of the Association.
- 3.4 Registration. It shall be the duty of each member to register his or her name and current mailing address with the Secretary of the Association. If said member does not so register, the member shall not be entitled to vote on Association business and the Association shall be under no obligation to recognize the privileges of being a member. (See appeal process in Section 10.12.) A member may also register, in writing, an email address with the Secretary and by doing so agrees to notify the Secretary of a change of email address and accepts the responsibility of receipt of notices from the Association by electronic mail. Registration of addresses under this section shall be made as provided under Section 12.7.
- 3.5 Prohibition of Assignment. The interest of a member in the Association assets cannot be transferred or encumbered except as an appurtenance to his lot.

ARTICLE IV
PURPOSE AND DUTIES OF THE ASSOCIATION

- 4.1 The purpose for the Association is the acquisition, construction, management, maintenance, operation and care of the Community Property in the Development. It is intended that the Association shall be organized and operated for the sole purpose of carrying on an exempt function of a "residential real estate management association" as defined in section 528 of the Internal Revenue Code of 1986, as amended and the Treasury Regulations promulgated there under.

- 4.2 The Association intends to own and operate a water utility for Sections A and B and road system for Sections A, B, and C, and other facilities for the benefit of its paying members in accordance with the Restrictions, referred to in paragraph 3.2 above. The Association shall have no duty to persons or entities who are not members of the Association or to members whose rights have been suspended as set forth below.

ARTICLE V
MEMBERS' MEETINGS AND VOTING

- 5.1 Place. Meetings of the members shall be held at a place designated by the Board within the development or such other place as may be necessary, within Haywood County, North Carolina.
- 5.2 Annual Meeting. The members shall meet at least once each year on the third Saturday in October or such other date as determined by a majority of the Board as specified in the notice given pursuant to Section 5.4. At each annual meeting, the members may transact any business properly coming before them.
- 5.3 Special Meetings. Special meetings of the members may be called at any time by the President or by a majority of the Board, and may also be called and held within forty-five (45) days after written request thereof signed by at least fifty-one percent (51 %) of the members entitled to vote as defined in Section 5.5 is delivered to any officer or Director of the Association. No business shall be transacted at a special meeting except that which is stated in the notice thereof.
- 5.4 Notices. Notice of all meetings of the members, stating the time and place, and accompanied by a current agenda thereof, shall be given by the President or Secretary to each member. Such notice shall be in writing, and shall be hand delivered or sent prepaid by United States mail to the members at the address designated by the member to the Secretary pursuant to Section 3.4 or to the email address designated by the member to the Secretary pursuant to Section 3.4, at least thirty (30) days in advance of any meeting. Notice shall be deemed delivered when deposited in the United States mail addressed to the member at the designated address registered in accordance with 3.4, or submitted by email to the appropriate address designated under Section 3.4. The Association may vote or transact business on any matter at an annual meeting whether or not specific notice of said item had been given in the notice of the annual meeting.

- 5.5 Lot Ownership, Members Entitled to Vote. Each lot for which dues and assessments are paid entitles the owner(s) to one (1) vote for that lot. Lots for which dues, assessments, special assessments and contractual obligations to the Association are not current cannot be voted but have the right to appeal pursuant to Section 10.12. No votes allocated to a lot owned by the Association may be voted.
- 5.6 Quorum, Adjournment if no Quorum. The presence of owners entitled to cast at least 25% of the eligible votes of the Association in person or by proxy shall constitute a quorum. If a quorum is not established, the meeting may be adjourned from time to time until a quorum is present.
- 5.7 Manner of Casting Votes. Votes may be cast in person or by an authorized proxy.
- (a) If only one of multiple owners** of a lot is present at a meeting of the Association, the owner who is present is entitled to cast the vote allocated to that lot. **If more than one of multiple owners** are present, the vote allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the multiple owners. Majority agreement is conclusively presumed if any one of the multiple owners casts the vote allocated to that lot without protest being made promptly to the person presiding over the meeting by any of the other owners of the lot.
- (b) Alternatively, the vote allocated to a lot may be cast pursuant to a proxy authorization duly executed by a lot owner, with majority agreement being conclusively presumed as before. A lot owner may not revoke a proxy authorization given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy authorization must be in writing, and is void if it is not signed and dated by the owner or the owner's authorized representative. A proxy authorization terminates 11 months after its date, unless it specifies a shorter term. The proxy authorization must be given to another Association member or immediate family member, and the form must be filed with the Secretary at least 30 minutes before the meeting convenes.
- (c) Agenda items that are covered by Sections 6.12 (i), and specific issues known in advance of the Notice as identified in Section 5.4 above may be enumerated as ballot selections for specific vote by the lot owner on the proxy authorization form, if so desired, and then to be presented to the teller and counted along with the voting on those issues by owners present at the meeting.
- 5.8 Required Votes. Once a quorum is established, all questions shall be decided by a majority of the votes cast, unless the provisions of applicable law, the Restrictions, the Articles, or these Bylaws require a greater vote.

- 5.9 Action by Members Without Meeting. Any action that may be taken at a meeting of the members, may be taken without a meeting if such action is authorized in writing, setting forth the action taken, and is signed by all members who have filed addresses with the Secretary, or if such action is taken in any other manner permitted by law.
- 5.10 Prohibition of Cumulative Voting. There shall be no cumulative voting.

Article VI
DIRECTORS

- 6.1 Number and Qualifications of Directors. The Board shall consist of five (5) natural persons. There shall be on the Board at least one lot owner Director who owns property in Section A, Hurricane Ridge, and one who owns property in Section B, Hurricane Ridge. Directors may be immediate family members designated by the lot owner or corporate designees.
- 6.2 Election of Directors. Subject to 6.1 above, Directors shall be elected by majority of the votes cast at the next annual meeting following the expiration of their predecessor's term. The Association shall publish the names and addresses of all officers and board members within thirty (30) days of their election.
- 6.3 Term. The terms of the Directors shall be for periods of three years and will continue to be staggered and the successors shall be elected to terms of three (3) years each. Any Director may serve consecutive terms. Once elected, a Director shall hold office until his successor has been qualified and duly elected.
- 6.4 Removal. Any Director may be removed, with or without cause, by a vote of at least sixty-six and two-thirds percent (66 2/3%) of the members entitled to vote, as defined in Section 5.5, at a special meeting called for such purpose, as defined in Section 5.3. A successor Director shall be appointed for the unexpired term by a majority vote of the Association in accordance with section 5.8.
- 6.5 Vacancies. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors and a Director so elected shall serve for the unexpired term of his predecessor in office.
- 6.6 Regular meetings. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Regular or Special Meetings by means of a

conference telephone or similar communication device are permissible as long as the required notice is given. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, instant messaging, or e-mail at least seventy-two (72) hours prior to the meeting. At regular intervals, the Board shall provide lot owners an opportunity to attend a portion of a board meeting and to speak to the Board about their issues or concerns. The Board may place reasonable restrictions on the number of people who speak on each side of an issue and may place reasonable time restrictions on those who speak.

- 6.7 Special Meetings. Special meetings of the Board may be called by the President, or the Secretary, or by two (2) Directors giving notice of the request to the President or Secretary. Not less than seventy-two (72) hours notice of such special meeting shall be given personally or by mail, telephone, or e-mail to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.
- 6.8 Quorum, Adjournment if No Quorum. Two thirds of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting may be adjourned from time to time until a quorum is present. The minutes of the meeting shall list the names of the Directors present and that the presiding officer declared a quorum present.
- 6.9 Manner of Acting. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board unless the act of a greater number is required by the provisions of applicable law, the Articles or these Bylaws.
- 6.10 Board Action Without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is authorized in writing, setting forth the action taken, signed by two-thirds (2/3) of the Directors.
- 6.11 Compensation of Directors Restricted. Directors shall receive no compensation for their services but may be reimbursed for out-of-pocket expenses incurred in the performance of their duties as Directors.

6.12 Powers and Duties of Board. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, applicable statutes, the Act, applicable provisions of the NCPA, the Articles, the Restrictions, and these Bylaws, as any thereof may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Articles, applicable provisions of the NCPA, the Restrictions, and these Bylaws, and shall include, but not be limited to the following:

- (a) To prepare and provide to members an Annual Report prior to April 1 of the following year containing at least the following:
 - (i) A statement of any capital expenditures in excess of two percent (2%) of the current budget or One Thousand Dollars (\$1,000.00), whichever is greater, anticipated by the Association during the current year or succeeding two (2) fiscal years.
 - (ii) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.
 - (iii) A statement of the financial condition of the Association for the last fiscal year.
 - (iv) A statement of the status of any pending suits or judgments in which the Association is a party.
 - (v) A statement of the insurance coverage provided by the Association.
 - (vi) A statement of any unpaid assessments payable to the Association, identifying the delinquent lot Owner(s) and the amount of the unpaid assessments. All members do hereby acknowledge that this reporting of unpaid assessments shall not constitute a violation of any federal or state unfair debt collection law
 - (vii) The names of the officers of the Association.
 - (viii) The minutes of annual and any called meetings of the property owners.
 - (ix) The Audit Report.
- (b) To adopt and amend budgets, and to determine and collect assessments to pay the Common Expenses as that term is more particularly defined in Section 10.10.
- (c) To regulate the use of, and to maintain, repair, replace, modify and improve the Community Property.
- (d) To adopt and amend rules and regulations and to establish reasonable penalties for infraction thereof.

- (e) To enforce the provisions of the Articles, the Restrictions, these Bylaws, the Act, applicable provisions of the NCPA, applicable statutes, and the Association rules and regulations by all legal means, including injunction and recovery of monetary penalties.
- (f) To hire and terminate agents and independent contractors.
- (g) To institute, defend, intervene in or settle any litigation or administrative proceedings in its own name on behalf of itself or two (2) or more lot owners on matters affecting the Community Property.
- (h) To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.
- (i) To borrow money for the maintenance, repair, replacement, modification or improvement of the Community Property and to pledge and pay assessments, and any and all other revenue and income, for such purposes. Provided, however, that the encumbering by the Board of any portion of the Community Property shall require the assent of thirty percent (30%) of the members entitled to vote as defined in Section 5.5.
- (j) To buy lots in foreclosure of an assessment lien, or at any other time or for any other reason, and to sell, lease, mortgage and otherwise deal in lots from time to time owned by the Association.
- (k) To impose and receive payments, fees and charges for the use, rental or operation of the Community Property.
- (l) To grant leases, licenses, concessions and easements through and over the Community Property.
- (m) To impose and collect reasonable charges, including reasonable costs and attorneys' fees, for the enforcement of any use restrictions or rules and regulations set forth in these Bylaws.
- (n) To provide for indemnification of the Association's Officers and Directors and maintain Officers' and Directors' liability insurance.

- (o) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of these Bylaws or the rules and regulations.
- (p) To prepare a slate of nominees for the Board of Directors in advance of any annual meeting at which new directors are to be elected.

ARTICLE VII OFFICERS

- 7.1 Designation of Officers. The officers of this Association shall be a President, a Vice President, a Secretary and a Treasurer. Each officer shall be a member or the individual nominee of a member which is other than an individual. A person may hold one or more such offices at one time, except that the President shall not at the same time hold another office in the Association. The President, Vice President and Secretary shall be a Director of the Association. The Board may elect an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary.
- 7.2 Election of Officers. Officers of the Association shall be elected by the Board. Elections shall be held every year at the first meeting of the Board held after the annual meeting of the members. The names of the elected officers shall be published to the members within 30 days of their election and in the Annual Report.
- 7.3 Term. Each officer shall serve until his successor has been qualified and duly elected.
- 7.4 Removal. Any officer may be removed, with or without cause, and without notice, by a majority vote of the Board.
- 7.5 Vacancy. Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.
- 7.6 Powers and Duties of Officers.
- (a) President. The President shall be the chief executive officer of the Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the Board and of the members, and the general supervision of officers in the management of the business

and affairs of the Association; and shall see that all actions and resolutions of the Board are carried into effect.

- (b) Vice President. The Vice President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.
- (c) Secretary. The Secretary shall keep the minutes of all meetings and actions of the Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of the secretary of a corporation; and shall perform such other duties required by the Board or the President. Copies of the minutes of all Annual and Called meetings of the members shall be included by the Secretary in the Annual Report.
- (d) Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities and evidences of indebtedness; shall keep the books of the Association in accordance with good accounting practices and principles and, upon request, shall submit them, together with all vouchers, receipts, records and other papers to the Board for examination and approval; shall deposit all monies and other valuable effects in depositories designated by the Board; shall disburse funds of the Association as directed by the Board, and shall perform all other duties incident to the office of a treasurer of a corporation.

7.7 Execution of Agreements, Etc. All agreements, deeds, mortgages or other instruments shall be executed by the President or Vice President with an attest by the Secretary (or Assistant Secretary if appointed), or by such other person or persons as may be designated by the Board. The President shall not have the legal authority to convey any portion of or rights in the Community Property, except by the assent of fifty-one percent (51%) of the members entitled to vote as defined in Section 5.5.

7.8 Compensation of Officers Restricted. No officer shall be compensated for their service in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

ARTICLE VIII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by the North Carolina General Statutes, as now enacted or hereafter amended. In addition, the Association is authorized to maintain Officers and Directors Liability Insurance.

ARTICLE IX
FISCAL MANAGEMENT

- 9.1 Depository. The Board shall designate a depository for the funds of the Association, and may change such depository at any time. Withdrawal of funds from such depository shall be only by checks signed by the Treasurer of the Association, or any other persons authorized by the Board. A second member of the Board, designated by the President, shall monitor/oversee the checking account monthly by electronic access.
- 9.2 Accounting. The Board shall keep and maintain separate accounting for (a) road maintenance, (b) water utility operations and maintenance and (c) capital improvements. An account for "capital improvements" shall include, but not limited to, monies for the paving of roads, the construction of recreational facilities, the construction of additional water well (if any), extension of water mains and pumps, the enlargement of water reservoirs, and other additions to the water or road system as required by State and Federal Authorities.
- 9.3 Fidelity Bond. Fidelity bonds shall be maintained by the Association, in an amount determined by the Board, covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association.
- 9.4 Payment Vouchers. Payment vouchers shall be approved by the Board, provided that the Board may delegate such authority to any officer of the Association.
- 9.5 Audit. An audit of the accounts of the Association shall be made annually after the close of the fiscal year by a disinterested third party approved by the Board. A copy of said audit shall be furnished to each member in the Annual Report.

- 9.6 Fiscal Year. The fiscal year of the Association shall be from January 1 to December 31, provided that the Board, from time to time, by resolution, may change the fiscal year to some other designated period.

ARTICLE X
ASSESSMENTS, DEFAULT AND ENFORCEMENT

- 10.1 Obligations of Members to Pay Assessments, Amount of Levy. Each member shall be responsible for paying annual assessments as provided for in Section 24 of the Restrictions, this Article, and/or special assessments as set forth below for the maintenance, upkeep, preservation and improvement of the Community Property, consistent with the Notice of Restrictions and Easements, as amended and recorded.
- 10.2 Creation of the Lien and Personal Obligation Assessments. Any assessment levied against a lot remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that lot when a claim of lien is filed of record in the office of the Clerk of Superior Court of Haywood County in the manner provided by the NCPA (NCGS 47F-3-116.) All such annual and special assessments, together with interest, costs of making and collecting any assessment including reasonable attorney's fees and other fees, late charges or any other charge authorized under NCPA (NCGS 47F-3-102, 47F-3-107, 47F-3-107.1, and 47F-3-115) and section 10.12 of these bylaws, are enforceable as assessments and reasonable attorney's fees for the collection thereof shall be a charge and lien upon a member's lot and its improvements. The amount owed shall be a continuing lien upon the applicable property against which such assessment is made. Said lien shall not abrogate vested rights or other rights superior to said lien resulting from recorded laws of the State of North Carolina. Each such assessment, together with interest, costs and reasonable attorney's fees for the collection thereof, shall also be a personal financial obligation of the person, or persons, who was, or were, the owner of a lot at the time when the assessments became due, and the same shall be and remain a charge and lien as permitted by Law upon any such lot and its improvements until paid or otherwise satisfied, and shall take priority, once levied, over all other liens, except for purchase money, deeds of trust and local real estate taxes.
- 10.3 Purpose of Assessments. The assessments levied by the Association shall be used for the purposes in keeping with a nonprofit corporation as set forth with more particularity in the Articles and the Restrictions.

10.4 Preparation of Budget and Levying of Assessment. For each fiscal year, the Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. After preparation and adoption of each such budget, the Board shall provide each member with a copy, and shall give each member notice of the assessment made against that member's lot based upon such budget and may also state the interest to be charged on delinquent payments thereof. The assessment shall be deemed levied upon the giving of such notice as provided in Section 12.7 below.

10.5 Payment of Assessments. Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Payments shall be made to the Association, or as the Board may from time to time otherwise direct.

10.6 Special Assessments. In addition to the assessments levied pursuant to Section 10.4, the Board, in its discretion, may levy special assessments at such other and additional times as in its judgment are required for:

- (a) Maintenance, repair, restoration and reconstruction of Community Property.
- (b) Alterations, improvements and additions to the Community Property.

Special Assessments made pursuant to this Section shall be in accordance with the Restrictions.

10.7 Failure to Prepare Budget and Levy Annual Assessment, Deficiencies in Procedure. The failure of the Board in preparing any budget, and to levy or in levying assessments, shall not constitute a waiver or release of the members' obligation to pay assessments whenever the same shall be determined and levied by the Board. Until a new assessment is levied by the Board pursuant to Section 10.4, each member shall continue to pay the assessment previously levied pursuant to Section 10.4 in the same amount and at the same periodic times as levied, or as the Board may otherwise advise in writing. Also, any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

10.8 Certificate. The Association, upon written request, shall furnish to a member, or his authorized agent, a recordable certificate setting forth the amount of unpaid assessments currently levied against his lot. The certificate shall be furnished within ten (10) business days after receipt of the request and shall be binding upon the Association and all members.

- 10.9 Default and enforcement. Any assessments which are not paid when due as determined by the notice of assessment shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of the delinquency until paid at the maximum rate permitted by the laws of North Carolina, and the Association may bring action at law against the member personally obligated to pay the same, or foreclose the lien against his property, and interest, costs and reasonable attorney's fees of any such action for collection thereof shall be added to the amount of such assessment. The available enforcement remedies include, but are not limited to, those lien rights stated under Article 2 of Chapter 44A of the North Carolina General Statutes or by any proceeding at law or equity against the delinquent member's property to enforce any lien created by these Bylaws. No member may waive to otherwise escape liability for the assessments provided for herein by non-use of the Community Property or facilities or abandonment of his lot. All payments upon account shall be applied first to interest and then to assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.
- 10.10 Common Expenses. Common Expenses shall include, without limitation, the following: road maintenance, security, real estate taxes and other governmental assessments or charges against the Community Property; expenses associated with the maintenance, repair, replacement, and expansion of the water system as that term is defined in Section 12.3 below; development of Community Property; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; legal and accounting fees; reimbursable expenses of officers and directors; costs and expenses incurred in connection with any litigation or administrative proceeding regarding the Community Property; deficits remaining from any prior assessment period; the cost, including fees and interests, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Community Property, or any part of either thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article VIII hereof. Section C is excluded from water system and related expenses-
- 10.11 Injunctive or Other Enforcement Relief. For violations of the rules and regulations of these Bylaws, or the Restrictions, the Association may bring an action to enjoin the violating act or any

other action provided by law and any costs, including reasonable attorney's fees, incurred by the Association are recoverable from the responsible member.

- 10.12 Suspension of Use of Community Property and Voting Rights. Upon thirty (30) days notice, the Association may deny or restrict the use of Community Property or water service and suspend voting rights of all members who are delinquent on any obligation or assessment set forth in these Bylaws or who violate any rules promulgated under the authority stated herein. A hearing shall be held before the Board or an adjudicatory panel appointed by the Board to determine if any lot owner should be fined or if association privileges or services should be suspended pursuant to the powers granted to the association in NCPA [NCGS Section 47F-3-102(11) and (12)]. Any adjudicatory panel appointed by the Board shall be composed of members of the Association who are not officers of the Association or members of the Board. The lot owner charged shall be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. If it is decided that a fine should be imposed, a fine not to exceed one hundred dollars (\$100.00) may be imposed for the violation and without further hearing, for each day more than five days after the decision that the violation occurs. Such fines shall be assessments secured by liens under the NCPA (NCGS 47F-3-116). If it is decided that a suspension of association privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured. The lot owner may appeal the decision of an adjudicatory panel to the full Board by delivering written notice of appeal to the Board within 15 days after the date of the decision. The Board may affirm, vacate, or modify the prior decision of the adjudicatory panel.
- 10.13 Nonwaiver of Covenants. The failure of the Association or of any member thereof to enforce any term, provision, right, covenant, or condition that may be granted by these Bylaws, the Articles, the rules and regulations, or the Act, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

ARTICLE XI AMENDMENT

Amendment of Bylaws may occur only at a meeting of the members and subsequent to providing thirty (30) days notice to the members of the proposed changes by mailing said notice as provided in Section 12.7 below. An affirmative vote of a majority of the members entitled to vote as defined in Section 5.5 is needed to amend the Bylaws.

ARTICLE XII
GENERAL PROVISIONS

12.1 Rules and Regulations.

- (a) By the Board. The Board may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation and use of the Community Property so as to promote the common use and enjoyment thereof by members and their guests, and for the protection and preservation thereof.
- (b) By the Association. Any such rule or regulation adopted by the Board may be amended, modified or revoked, and new and additional rules and regulations may be adopted by an affirmative vote at an annual or special meeting. Any such act of the members shall control over any contrary rule or regulation then or thereafter adopted by the Board.
- (c) Copies Furnished. Copies of all such rules and regulations and any amendments thereto shall be furnished to all members. However, failure to make available such rules or regulations shall not affect in any way their validity or enforceability.
- (d) Rules Hereby Established. The use of Community Property is limited to members and guests.

12.2 Association Records.

- (a) The Association shall keep financial records sufficiently detailed to enable the Association to comply with the NCPCA, 47F-3-118. All financial and other records, including records of meeting of the Association and the Board, shall be made reasonably available for reexamination by any lot owner and the lot owner's authorized agents as required in the Act. At a minimum the Association shall keep accurate records of all cash receipts and expenditure and assets and liabilities. The Association shall make an annual income and expense statement and balance sheet available to all lot owners at no charge and within 75 days after the close of the fiscal year to which the information relates. A more extensive compilation, review, or audit of the Association's books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the Board or by the affirmative vote of a majority of

the lot owners present and voting in person or by proxy at any annual meeting or any special meeting duly called for that purpose.

- (b) The association, upon written request, shall furnish to a lot owner or the lot owner's authorized agents a statement setting forth the amount of unpaid assessment and other charges against a lot. The statement shall be furnished within 10 business days after receipt of the request and is binding on the Association, the board, and every lot owner.
- (c) In addition to the limitations of Article 8 of the Act, no financial payments, including payments made in the form of goods and services, may be made to any Officer or Director of the Board or to a business, business associate, or relative of an Officer or Director of the Board except as expressly provided for in these bylaws or in payments for services or expenses paid on behalf of the Association which are approved in advance by the Board.

12.3 Water System. The "water system" of the Association is the real and personal property referenced in that certain deed from Hurricane Ridge, Ltd. Recorded in Deed Book _____, at Page _____, of the Haywood County, N.C. Register's Office and as further delineated on plans by _____, dated _____, on file with the Association. Any extension of the water system and/or tap-on by a member of the Association or non-member may be made only with Board approval and the costs of said extension and tap-on shall be borne solely by the party requesting such improvements as provided in Section 24 (d) of the Restrictions. Any extension of the water system will be accomplished in accordance with plans approved by the Board and such extension shall, upon demand of the Board, become the property of the Association. The Association shall not own or be responsible for the maintenance, upkeep and/or replacement of water lines connecting a house or other structure to the water system. All extensions and modifications are to comply with the rules and regulations of the North Carolina Department of Environmental and Natural Resources (NC DENR).

12.4 Parliamentary Authority. Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceedings when not in conflict with these Bylaws, the Articles, the Act, the applicable provisions of the NCPA, or any applicable statutes of the State of North Carolina.

12.5 Compliance with the Act; Conflict; Severability. These Bylaws are established in compliance with the Act, as amended, and those applicable provisions of the NCPA, as amended. Should any of the terms, conditions, provisions, paragraphs or clauses of these Bylaws conflict with any of the provisions of the Act or applicable NCPA provisions, the provisions of the Act or applicable provisions of the NCPA shall control, unless the Act or NCPA permits these Bylaws to override the Act or the NCPA, in which event these Bylaws shall control. If any term,

provision, limitation, paragraph or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

- 12.6 Corporate Seal. An impression of the Corporate Seal of the Association is affixed hereto. Said seal shall be sufficient if it states "Corporate Seal" and is circular in style. Said seal shall also be considered the official seal if around the circular edge thereof the words "Hurricane Ridge Property Owners Association, Inc." are used.
- 12.7 Notices. Whenever in the Act, the applicable provisions of the NCPCA, or these Bylaws, it shall be required or permitted that notice or demand be given or served on the Association or other party entitled to notice, such notice or demand shall be given in writing by mail, postage prepaid, or by email, if an address has been filed with the Association under section 3.4 above, to a member at the mailing address or email address registered under Section 3.4 and to the Association as hereinafter set forth. All notices or demands provided under the terms of the Act or these Bylaws shall be effective when actually received by a party entitled to notice or when attempted to be delivered as authorized above. Notice shall be deemed delivered when deposited in the United States mail to the address designated under section 3.4, or submitted by email to the appropriate address designated under Section 3.4, or to the Association as set out below. The addresses of a party entitled to notice may be changed, from time to time, by either party serving notice as above provided.

The mailing address and email address for the Association for the purposes set out in these bylaws:

Hurricane Ridge Property Owner's Association, Inc.
547 Ridge Top Circle
Clyde, N.C. 28721
Email: hrpoa.bod@gmail.com

Provided, however, that the Board may change said addresses by giving appropriate notice under this section.

- 12.8 Interpretation of Bylaws. These Bylaws are set forth to comply with the requirements of the Act and those applicable sections of the NCPCA. In the event that any of these Bylaws conflict with the provisions of the Act or the applicable sections of the NCPCA, it is hereby agreed that the provisions of the Act and the NCPCA will apply.