

AMENDED AND RESTATED
BY-LAWS
OF
CULLASAJA HOMEOWNERS' ASSOCIATION, INC.
(Adopted August 18, 2013)

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PREAMBLE

THESE BY-LAWS SUPERSEDE AND ENTIRELY REPLACE THE ORIGINAL BY-LAWS OF CULLASAJAHOMEOWNERS' ASSOCIATION, INC. AND ALL AMENDMENTS THERETO HERETOFORE ADOPTED.

ARTICLE I

NAME AND LOCATION

The name of the corporation is CULLASAJA HOMEOWNERS' ASSOCIATION, INC., here in after referred to as the "Association". The principal office of the Association, until otherwise designated by the Board of Directors, shall be located at 1371 Cullasaja Club Drive, Highlands, North Carolina, 28741.

ARTICLE II

DEFINITIONS

Unless otherwise set forth herein, the terms used in these By-Laws shall have the same meanings ascribed to such terms as set forth in the Declaration of Covenants, Restrictions, and Easements Dated August 18, 2001 (the "Declaration") which has been filed for record in the offices of Public Registry, Macon County and Jackson County, North Carolina, as

such Declaration may be amended from time to time, and which Declaration is incorporated herein by reference.

ARTICLE III

MEETINGS OF MEMBERS

- 3.1 Annual Meeting and Members. The annual meeting of the Members shall be held in the month of August at such time and place in Macon County, North Carolina, as shall be designated in the notice of meeting pursuant to Article 3.3 below. At such annual meeting the Members shall elect directors, in the manner provided in Article IV hereof, and shall have authority to transact any and all business as may be designated in the notice of the meeting.
- 3.2 Special Meeting of the Members. Special meetings of Members shall be held at such time and place in Macon County, North Carolina as shall be designated in the notice of the meeting. Special meetings may be called by the President at any time and must be called by the President when so requested in writing by a majority of the Directors or by twenty-five percent (25%) of the Members.
- 3.3 Notice of Meetings. Notice of the place, date and time of every annual or special meeting of Members shall be given to each Member not less than twenty (20) days before such meeting in the manner described in Section 8.7 below. If for a special meeting, such notice shall state the purpose or purposes of the meeting. If for the annual meeting, the notice shall specify the number of directors to be elected at such annual meeting, shall contain the name and brief biographical information of each person nominated as herein provided for election at such meeting, and shall designate any other business to be conducted at the meeting.

3.4 Quorum. Unless otherwise provided in the Declaration, a quorum at any meeting of Members, whether annual or special, shall consist of the presence at such meeting in person, by proxy, or by absentee ballot, of Members entitled to cast thirty percent (30%) of the votes of the membership. Unless otherwise provided in the Articles of Incorporation of the Association, in the Declaration, or in these By-Laws, two thirds (2/3) of the votes entitled to be cast by those Members present in person, by proxy or by absentee ballot at a meeting shall be necessary and sufficient to decide and act upon any question which shall come before the meeting. No business shall be transacted at any meeting unless a quorum is present.

3.5 Voting. Voting rights of Members shall be as set forth in the Declaration.

ARTICLE IV

DIRECTORS

4.1 Number. The Board of Directors shall initially consist of not less than five (5) or more than nine (9) persons, each of whom shall be either a Member, the spouse of a Member, or a person holding a beneficial interest in an entity that is a Member. The exact number of persons within such numbers from time to time constituting the Board of Directors shall be determined by the Board of directors.

4.2 Term of Office. The number of directors from time to time serving hereunder shall be divided into three (3) classes as equal in number as possible. The initial term of office of the first class of directors elected at the first annual meeting of the Association, expired at the first annual meeting of the Association thereafter occurring, the initial term of office of the second class of directors elected at such meeting expired at the second annual meeting of Association thereafter occurring, and the initial term of the third class of directors elected at such meeting expired at the third annual meeting of the Association thereafter occurring. At each annual meeting of the Association, directors elected to succeed the

directors whose terms expire at such annual meeting shall be elected for a term expiring at the annual meeting occurring in the third year after their election and until their respective successors have been duly elected and qualified.

- 4.3 Removal. Any director may be removed from the Board, with or without cause, by a two thirds (2/3) majority vote of the Members present in person, by proxy or by absentee ballot at a duly convened meeting of the Members. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of his or her predecessor.
- 4.4 Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as a director.
- 4.5 Nomination. Nominations for election to the Board of Directors of the Association shall be made by the Nominating Committee. The Nominating Committee shall, at least sixty (60) days prior to the annual meeting of the Members, nominate a number of persons not less than the number of directors whose terms are to expire at such annual meeting of the Members. Each Nominee must be either a Member, the spouse of a Member or a person holding a beneficial interest in an entity that is a Member, and must give his or her permission to be nominated. Nominations for election to the Board of Directors may also be made by ten percent (10%) or more of the Members of the Association entitled to vote by petition signed by them and filed with the Secretary at least thirty (30) days prior to the annual meeting of the Members.
- 4.6 Election. The names of all duly nominated candidates for Director shall be printed on the ballot in alphabetical order of surname, and mailed to each Member at least twenty (20) days prior to the annual meeting of the Members at which such election is to occur. Election to the Board of Directors shall be by secret written ballot. At such election the Members present in person, by proxy or by absentee ballot shall cast the number of votes

to which they are entitled under the provisions of the Declaration for each vacancy. Any ballot containing for each vacancy less than the number of votes to which the Member casting such ballot is entitled shall be void. Cumulative voting is not permitted

4.7 Regular Meetings of Directors. The Board of Directors shall meet not less frequently than monthly during the period of May 1 through October 30 in each year and shall have such additional number of regular meetings each year as the Board of Directors may in its discretion determine to be sufficient to conduct the business and affairs of the Association. Regular meetings of the Board of Directors may be held at such place as a majority of the directors shall agree upon.

4.8 Special Meetings of Directors. Special meetings of the Board of Directors shall be held at such place as shall be designated in the notice of such meetings. Special meetings of the Board of Directors may be called by the President at any time, in his or her discretion, and must be called by the President when so requested in writing by three (3) Members of the Board of Directors.

4.9 Executive Sessions. The President may designate a portion of any meeting of the Board of Directors as an executive session at which only members of the Board of Directors may be present and at which other Members of the Association may not be present.

4.10 Notice of Meetings. Notice of each regular or special meeting of the Board of Directors shall be given by the President or the Secretary to each member of the Board not less than three (3) days before the time at which such meeting is to convene. Said notice shall be given by telephone or by any other means for written or verbal communication, including email. It shall not be necessary for the notice of a special meeting of the Board of Directors to state the purpose of such meeting. A director may waive notice of any meeting, and attendance at a meeting shall constitute waiver of notice of such

meeting unless such attendance is for the express purpose of objecting to the holding of such meeting or to an item of business to come before such meeting. .

4.11 Quorum. A quorum at any meeting of the Board of Directors shall consist of a majority of the members of the Board. Unless otherwise provided in the Articles of Incorporation of the Association, or in these By-Laws, or in the Declaration, a majority of those present at any meeting at which a quorum is present may decide any questions which may come before the meeting.

4.12 Powers. The Board of Directors shall have power to:

- (a) Adopt and publish rules and regulations governing the use of the Common Property and recreation facilities, if any, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Suspend the voting rights and right to use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for infraction of published rules and regulations, for a period not to exceed sixty (60) days after the cure or termination of such infraction;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration; and
- (d) Employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties.

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

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members.

- (b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to:
 - (1) Fix the amount of the annual assessment against each Lot and/or Residence at least thirty (30) days in advance of each annual assessment period;
 - (2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- (d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment as against the recipient other than the then Owner for which Lot or Residence the certificate was prepared;
- (e) Procure and maintain adequate insurance on property owned by the Association, as provided in Article XI of the Declaration;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) Cause the Common Property to be maintained.

4.14 Action by Directors Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by not less than all of the members of the Board of Directors. Such consent shall have the same force and effect as a majority vote at a meeting duly called. The signed consent, or a signed copy, shall be placed in the minute book.

4.15 Telephonic and Similar Meetings. Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

4.16 Adjournments. A meeting of the Board of Directors, whether or not a quorum is present, may be adjourned by a majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

ARTICLE V

COMMITTEES OF THE BOARD

5.1 Nominating Committee. The President, after consultation with the Board of Directors, shall appoint a Nominating Committee, which shall be a standing committee consisting of not less than four (4) Members, at least one (1) of whom shall be a director. One member of the committee shall be designated as its Chair. The Nominating Committee shall nominate candidates for director to fill vacancies that have occurred or are about to occur due to the expiration of the term of then serving directors, as provided in these bylaws, and report such nominations to the members of the Board of Directors not less than sixty (60) days prior to the annual meeting. Such nominations shall be submitted to the Members prior to the next occurring annual meeting as provided in Section 4.5 above.

5.2 Finance and Audit Committee. The President, after consultation with the Board of Directors, shall appoint a Finance and Audit Committee, which shall be a standing committee consisting of the Treasurer of the Association, and not less than two (2) additional Members who may, but need not, be directors. The Treasurer of the Association shall be the Chair of such committee. The Finance and Audit Committee shall prepare and recommend for adoption by the Board of Directors the annual budget of the Association, and periodically review and report on actual performance against the annual budget approved and adopted by the Board of Directors. It shall assure that the accounting records, procedures, and reports of the Association are adequate to enable the Association effectively to meet its budgetary and financial responsibilities. The Finance and Audit Committee shall oversee the annual audit of the books and records of account of the Association by an independent certified public accounting firm approved by the Board of Directors, and shall have such other responsibilities with respect to the financial affairs of the Association as shall be delegated to it from time to time by the Board of Directors. No personal liability shall attach to any member of the Finance and Audit Committee for losses resulting from the exercise in good faith of his or her judgment in any decisions affecting the finances of the corporation.

5.3 Roads, Infrastructure and Utilities Committee. The President, after consultation with the Board of Directors, shall appoint a Roads, Infrastructure and Utilities Committee, which shall be a standing committee consisting of a director, who shall serve as Chair of the committee, and not less than two (2) additional Members who, may, but need not, be directors. The Roads, Infrastructure and Utilities Committee shall be responsible for overseeing the repair and maintenance of the Common Property, and for planning for the long range development, as necessary, of the assets of the Association to meet the needs of the Association. In the exercise of such responsibilities the Roads, Infrastructure and Utilities Committee shall review and make recommendations to the Board of Directors with respect to all maintenance and expansion plans relating to the Common Property and supervise their implementation.

5.4 Bylaws and Legal Committee. The President, after consultation with the Board of Directors, shall appoint a Bylaws and Legal Committee, which shall be a standing committee consisting of not less than three (3) Members, at least one (1) of whom shall be a director . One member of the committee shall be designated as its Chair. The Bylaws and Legal Committee shall be responsible for maintaining and evaluating the bylaws of the Association on an ongoing basis and for proposing amendments to the bylaws to the Board of Directors as required.

5.5 Landscaping Committee. The President, after consultation with the Board of Directors, shall appoint a Landscaping Committee, which shall be a standing committee consisting of not less than three (3) Members, at least one (1) of whom shall be a director. One member of the committee shall be designated as its Chair. The Landscape Committee shall make recommendations to the Board with respect to the landscape and hardscapes for all common properties and roadways, and oversee, serve as consultant in connection with, and work with staff in, the implementation thereof.

5.6 Architectural Control Committee. The President, after consultation with the Board of Directors, shall appoint an Architectural Control Committee (“ACC”), which shall be a standing committee, consisting of not less than three (3) nor more than five (5) individuals, at least one of whom shall be a director provided, however, the Architectural Control Committee shall always have an uneven number of members. Each initial member of the ACC shall be appointed for a calendar year term. If any vacancy shall occur in the membership of the ACC by reason of death, incapacity, resignation, removal or otherwise, the remaining members of the ACC shall continue to act and such vacancy shall, subject to the provisions of 5.01(a) of the Declaration, be filled by the Board at the earliest possible time. Any ACC member may resign at any time by giving written notice of such resignation to the Chairman of the ACC and such resignation shall take effect on receipt thereof by the Chairman. Any member of the ACC may be removed at any time with or without cause by the Board. The members of the ACC shall appoint a Chairman from among their number

and may appoint from among their number such other officers and sub-committees of members of the ACC as they shall from time to time determined necessary. The ACC shall have and exercise the powers granted to it pursuant to Article V of the Declaration

5.7 Special Committees. The President, after consultation with the Board of Directors, may appoint such other committees, sub-committees, or task forces as may be necessary or desirable and which are not in conflict with any other provisions of these bylaws, the Articles of Incorporation or the Declaration; and the duties of any such committees shall be prescribed by the Board of Directors upon their appointment.

5.8 Committee Voting. All members of any standing or special committee, including the Chair thereof, shall have the right to vote upon all matters subject to the vote of the committee

ARTILCE IV

OFFICERS AND THEIR DUTIES

6.1 Election and Enumeration of Officers. At the first meeting of the Board of Directors following each annual meeting of the Members, the Board of Directors shall elect to serve for the term of one (1) year or until their successors shall be elected, a President, a Vice President, a Treasurer, a Secretary and such other officers as the Board of Directors from time to time determines appropriate. The President, Vice President, Secretary and Treasurer must be members of the Board of Directors. Other officers, if any, may be but are not required to be, members of the Board of Directors. All officers must be either a Member, the spouse of a Member or a person holding a beneficial interest in an entity that is a Member. Officers may succeed themselves in office and may hold different offices in successive years.

6.2 Resignation and Removal. Any officer may be removed from office, with or without cause, by a two thirds (2/3) majority vote of the members of the Board of Directors present at a duly convened meeting at which a quorum is present. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall

take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

6.4 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

6.5 Duties. The duties of the officers are as follows:

President. The President shall preside at all meetings of the Board of Directors and shall see that orders and resolutions of the Board are carried out.

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

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

Treasurer The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; may sign checks of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be present to the Membership and deliver a copy of each to the Members.

ARTICLE VII

SEAL

7.1 Corporate Seal. The corporate seal of the Association shall consist of two concentric circles containing the name of the Association and the words “corporate seal” and “North Carolina,” and the seal in such form is hereby adopted as the corporate seal of the Association.

ARTICLE VIII

MISCELLANEOUS

8.1 The Declaration. All provisions contained in the Declaration with regard to rights, powers and duties of the Association, the Members thereof and the Board of Directors thereof, are hereby incorporated into these By-Laws by this reference, with the same effect as if such provisions were fully set forth herein.

8.2 Books and Records. The books and records of the Association shall at all times, during reasonable business hours, be open for inspection by any Members.

8.3 Indemnification.

(a) Except to the extent from time to time prohibited by law, the Association shall indemnify and hold harmless any director or officer of the Association or any person who may have served at its request as a director or officer of any other corporation, partnership, joint venture, trust or other enterprise, against any and all liabilities and reasonable litigation expenses, including attorney’s fees, incurred by such person in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, in which he is made or threatened to be made a party by reason of being or having been such director or officer. The term “liabilities” shall include any (i) payments in satisfaction of any judgment, money decree, fine, excise tax or penalty, and (ii) amounts paid in settlement of any claim, action or proceeding, subject to the provisions of (c) below. The term “reasonable litigation expenses” shall include reasonable cost and expenses and attorneys’ fees and expenses actually incurred in connection with any action, suit or proceeding or incurred in connection with the enforcement of the rights to indemnification granted hereby or by applicable law, if such enforcement is successful in whole or in part.

(b) To the fullest extent from time to time permitted by law, the Association shall pay to any such director or officer expenses, including attorneys' fees and expenses, incurred in defending any such action, suit or proceeding in advance of the final disposition of such action, suit or proceeding.

(c) The Association shall not be liable to indemnify any person for amounts paid in settlement of any claim, action or proceeding without the written consent of the Board of Directors. The Association will not unreasonably withhold its consent to any proposed settlement.

8.4 Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

8.5 Parliamentary Rules. Roberts Rules of Order (current addition) shall govern the conduct of all Association proceedings, when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the person presiding over the proceeding.

8.6 Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, then the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

8.7 Notices. Each Member shall register with the Association the address to which notices, demands, bills, statements, or other communications required or permitted hereunder, or under the Declaration, and intended for such Member shall be sent, including, if such Member chooses, an email address. Unless an email address shall be specified by a Member, all notices, demands, bills, statements, or other communications required or permitted hereunder, or under the Declaration, to such Member shall be in writing and shall be mailed to such Member at the address registered by such Member with the Association. The designation of an email address by a Member shall constitute such Member's agreement that all notices, demands, bills, statements, or other communications required or permitted hereunder, or under the Declaration, to such Member may be given to such Member by email directed to such email address. Any notice, demand, bill,

statement, or other communication required or permitted hereunder, or under the Declaration, to a Member is effective at the earliest of the following:

(1) When received by, or when delivered to, the Member at the address registered with the Association as herein provided

(2) Three (3) days after its deposit in the mail, as evidenced by the postmark, if mailed with first-class postage prepaid and addressed to the address of the Member registered with the Association as herein provided ;

(3) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee, or

(4) If sent by email, on the date sent by electronic means to the email address registered by such Member with the Association as herein provided.

If there are multiple Owners of a single piece of property, notice to one (1) shall be deemed notice to all.

8.8 Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws.

8.9 Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be given to the alleged violator specifying;

(i) The alleged violation

(ii) The action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate

abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notices. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without sanctions, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

(i) The nature of the alleged violation;

(ii) That the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;

(iii) That any statement, evidence, and witnesses may be produced by the alleged violator at the hearing; and

(iv) That all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.