

BYLAWS  
OF  
LEATHERWOOD MOUNTAINS PROPERTY OWNERS ASSOCIATION, INC.  
AMENDED AND ADOPTED FEBRUARY 16, 2013

ARTICLE I.

GENERAL

SECTION 1. PURPOSES. The corporation is organized to provide for the maintenance, preservation and architectural control of the common areas and to promote the health, safety and welfare of the residents within the Leatherwood Mountains Subdivision located in Elk Township, Wilkes County, North Carolina. The corporation shall also have those powers to do any lawful act which are consistent and in accordance with Chapter 55A of the North Carolina General Statutes, and specifically be empowered to do all those things enumerated in North Carolina General Statute S 55A-15, however, such citation is not intended to be exclusive.

SECTION 2. MEMBERS. There shall be two (2) classes of members, a Class A Member or the Class B Member as provided in Article IV, Section 4 of the Leatherwood Mountains Declaration of Covenants, Conditions and Restrictions as recorded at Book 642 at Page 610 of the Wilkes County Register of Deeds. Every person or entity who is a record owner of a fee simple interest in any tract or dwelling unit located within Leatherwood Mountains Subdivision shall be either a Class A or the Class B Member of the Association. Provided, however, that any such person or entity to hold such interest merely as a security for the performance of an obligation shall not be a member. Any Class A Member shall be entitled to one (1) vote for each dwelling unit or for each tract, which said member owns. When more than one (1) person or entity holds an interest in any tract or dwelling unit, all such persons or entities shall be members. The vote for such tract or dwelling unit shall be exercised as they determine, but in no event, shall more than one vote be cast with respect to any tract or dwelling unit, nor shall any vote be fractionalized. The Class B Member (the Declarant) shall be entitled to three (3) votes for each lot and three (3) votes for each dwelling unit owned by it.

Membership in the Association and the acts of the members are subject to restrictions sufficient to provide order and facilitate reasonable opportunities for maximum, and most enjoyable, uses of the common facilities. Sanctions or suspension of privileges and the levying of liquidated damages are provided to enforce the restrictions.

Membership shall be appurtenant to and may not be separated from ownership of any tract, and shall be transferred automatically when the owner conveys, devises, gives or otherwise transfers his tract, even though such conveyance, devise or gift does not make mention of the membership rights set forth hereunder.

Although such membership is not intended to apply to those persons or entities who hold an interest in any tract merely as security for the performance of an obligation to pay money (mortgages or deeds of trust), if such secured party should realize upon his security and become the fee owner of a tract, he and his assigns of such ownership will then be subject to all the requirements, responsibilities, and benefits imposed upon owners of tracts within Leatherwood Mountains Subdivision, including those provisions with the respect to the payment of annual charges. To that end, the Board of Directors may establish reasonable rules relating to the proof of ownership of a tract in

Leatherwood Mountains Subdivision.

SECTION 3. DISSOLUTION OR LIQUIDATION. The corporation may be dissolved with the assent given in writing and signed by not less than two (2/3) thirds of each class of members. Upon dissolution of the corporation, other than incident to a merger or consolidation, the assets of the corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

## ARTICLE II.

### OFFICES

The corporation shall have and continuously maintain in Wilkes County, North Carolina, a registered office and a registered agent, whose office is identical with such registered office, and may have other offices within or without the County of Wilkes as the Board of Directors may from time to time determine.

## ARTICLE III.

### BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The affairs of the corporation will be managed by its Board of Directors, and all corporate powers shall be exercised by the Board of Directors, except as otherwise expressly required by the Articles of Incorporation, these Bylaws, or by law. The Directors must be members of the association.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of Directors shall be nine (9). The number of Directors may be increased or decreased from time to time by amendment to these Bylaws, but in no event shall the number of Directors be less than two (2). Each Director shall hold office until his or her successor shall have been elected or qualified. The Directors constituting the initial Board of Directors shall be specified in the Articles of Incorporation and shall serve as Directors until they resign, die, or are unable to serve for any reason whatsoever, or until their successors are elected.

At the first annual meeting of the members, the members of the Board shall be divided into three (3) classes, one Director to be in each class. One Director shall serve for one (1) year from the time of the annual meeting, one (1) Director shall serve for two (2) years from the time of the first annual meeting, and one (1) Director shall serve for three (3) years from the time of the first annual meeting. At each annual meeting thereafter, as each Director comes up for election, he or she shall have his successor elected for a period of three (3) years. Each Director shall be elected by a majority vote of the members present at the annual meeting, assuming the presence of a quorum of such members.

SECTION 3. REGULAR MEETINGS. The Board of Directors shall meet at least quarterly.

The Board of Directors may provide by resolution the time and place, within the State of North Carolina, for the holding of additional regular meetings of the Board without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix any place in North Carolina, either within or without Wilkes County, as the place for holding any special meetings of the Board called by them.

SECTION 5. NOTICE. Notice of any regular or special meeting of the Board of Directors shall be given at least three (3) days prior thereto by written notice delivered personally or sent by mail or email to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail in a sealed envelope so addressed, with the postage thereon prepaid. If notice be given by email, such notice shall be deemed to be delivered when sent. Any Director may waive notice of any meeting. The attendance of any Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided, that if less than a majority of the Directors is present at any given meeting, the meeting may be adjourned from time to time without further notice. A Director may attend the meeting by teleconference, which attendance will count for purposes of establishing a quorum.

SECTION 7. MANNER OF ACTION. The act of a majority of the Directors present at a meeting in which a quorum is present shall be the act of the Board of Directors, except where otherwise provided by law or by these Bylaws. No Director may designate a proxy or vote by proxy, but a Director may vote via email if attending the meeting by teleconference.

SECTION 8. VACANCIES. Any vacancy occurring in the Board of Directors, including a vacancy resulting from an increase in number, may be filled by the affirmative vote of a majority of the remaining Directors less than a quorum of the Board of Directors.

SECTION 9. COMPENSATION. Directors shall receive as compensation for their services rendered hereunder such sums as may from time to time be approved by a majority of the Board of Directors, and may receive payment or reimbursement for any and all expenses incurred by the Directors in connection with the rendering of services to the corporation.

SECTION 10. VOLUNTARY RETIREMENT. Any Director may retire at any time by notifying the President or the Secretary in writing. Such retirement shall take effect at the time specified in such notice.

SECTION 11. ACTION WITHOUT MEETING. Any action which is required to be taken, or which may be taken, at a meeting of the Directors, may be taken without a meeting if a consent in writing setting forth the actions so taken, shall be signed by all of the Directors. Such consent shall have the same force and effect as a unanimous vote. Such consent in writing may be made by email which shall be considered as being signed by all of the Directors.

SECTION 12. COMMITTEES. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of as many persons as may be directed in such resolution and shall have at least one (1) Director per committee,

which committees, to the extent provided in said resolution or in the Bylaws of the corporation, shall exercise the authority of the Board of Directors in the management of the corporation. Other committees not having or exercising the authority of the Board of Directors in management of the corporation may be designated and appointed by resolution adopted by a majority of the Directors present at a meeting in which a quorum is present.

#### ARTICLE IV.

##### MEETING OF MEMBERS

SECTION 1. PLACE OF MEETING. All meetings of members shall be held at the principal office of the corporation, or at such other place, either within the State of North Carolina as shall in each case be fixed by the Board of Directors and designated into the notice of meeting.

SECTION 2. ANNUAL MEETINGS. The annual meeting of members shall be held on any Saturday during the month of March of each year.

The first such annual meeting to be in January 1994.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4. of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the members may be called at any time by the Board of Directors, and shall be called pursuant to the written request of the holders of not less than forty (40%) percent of all votes entitled to be cast on any issue proposed to be considered at such meeting.

SECTION 5. NOTICE OF MEETING. Written notice stating the date, time, and place of the meeting shall be given not less than ten (10) nor more than thirty (30) days prior to the date set for any members' meeting, either by personal delivery or by facsimile transmission, or other form of wire or wireless communication, or by mail or by private carrier, by and at the direction of the Board of Directors to each member entitled to vote at such meeting; provided, that such notice must be given to all members with respect to any meeting in which a merger is to be considered, and in such other instances as required by law. If mailed, such notice shall be deemed to be effective when deposited in the United States Mail, correctly addressed to the member at the member's address as it appears on the current record of members of the corporation, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall include a description of the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not include a description of the purpose or purposes for which the meeting is called unless such description is required by law.

When a meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment and if a new record date is not fixed for the adjourned meeting; but if a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given as provided in this Section to persons who are members as of the new record date.

SECTION 6. WAIVER OF NOTICE. Any member may waive notice of any meeting

before or after the meeting. The waiver must be in writing, signed by the member, and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A member's attendance, in person or by proxy or representative, at a meeting waives objection to lack of notice or defective notice of the meeting, unless the member or his proxy or representative at the beginning of the meeting objects to the holding of the meeting or transacting business at the meeting. Attendance also waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes in the meeting notice, unless the member, his proxy, or representative objects to considering the matter before it is voted upon.

SECTION 7. QUORUM. Members entitled to vote to take action on a matter may take action on that matter only if a quorum of the members exists. At any meeting called for the purpose of taking some action by the Association members the presence in person or by proxy of members entitled to cast twenty (20%) percent of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and any number of members attending such subsequent meeting, so long as such number represents at least ten (10%) percent of all the outstanding votes shall constitute a quorum. No such subsequent meeting shall be held more than six (6) months following the scheduled date of the preceding meeting.

SECTION 8. PROXIES. Votes may be cast either in person or by one or more proxies authorized by written appointment of proxies signed by the member or his duly authorized attorney-in-fact.

SECTION 9. VOTING OF MEMBERS. Members may attend and may vote in person or by proxy executed in writing by a member. No proxy shall be valid after eleven (11) months from the date of its execution, or after conveyance by the member of his tract.

SECTION 10. INFORMAL ACTION BY MEMBERS. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting if one (1) or more written consents, describing the action so taken, shall be signed by all of the members who would be entitled to vote upon such action at a meeting, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

## ARTICLE V.

### OFFICERS

SECTION 1. OFFICERS. The officers of the corporation shall be a President, a Vice President, a Treasurer, and a Secretary. The Board of Directors may elect or appoint such other officers, including an Assistant Secretary or Assistant Treasurer, as it shall deem desirable with such officers to have the authority and perform duties prescribed, from time to time, by the Board of Directors. Any two (2) or more offices may be held by the same person, but no officer may act in more than one capacity where action by two or more officers is required.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be elected annually by the Board of Directors at a regular or annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Vacancies may be filled and new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until the successor shall have been duly elected and shall have been qualified. No officer shall hold the office for more than thirty-six (36) consecutive months. This limitation shall not preclude the office holder from holding another office

after the term of thirty-six (36) consecutive months expires. As an example, a Vice President may hold the office for thirty six (36) consecutive months, then be elected President, and hold that office for thirty six (36) consecutive months, resulting in seventy two (72) consecutive months as an officer.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Such removal shall occur by a majority of the vote of the Directors then in office and may be with or without cause.

SECTION 4. RESIGNATIONS. Any officer may resign at any time by giving written notice to the Board of Directors. Any such resignation shall take effect at the date of the receipt of such notice or any later time therein specified, and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. VACANCIES. A vacancy in any office because of death, resignation, or removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term of such vacant office.

SECTION 6. PRESIDENT. The President shall be the principal executive officer of the corporation and shall, in general, implement and supervise all of the business and affairs of the corporation, subject, however, to the control of the Board of Directors and of any duly authorized committee of Directors. In addition, the President shall perform such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 7. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, the vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign with the Secretary or an Assistant Secretary any such documents which the President and Secretary might otherwise sign, and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

SECTION 8. TREASURER. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with these Bylaws; and, in general, perform the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

SECTION 9. ASSISTANT TREASURERS. In the absence of the Treasurer or in the event of his death, inability, or refusal to act, the Assistant Treasurers in order of their length of service as such, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all of the powers and be subject to the all the restrictions upon the Treasurer. They shall perform such other duties as may be prescribed by the Treasurer, by the President, or by the Board of Directors.

SECTION 10. SECRETARY. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with these Bylaws or as required by law; be custodian of the corporate records and of the seal of the

corporation; and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation is duly authorized in accordance with the provisions of these Bylaws; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

SECTION 11. ASSISTANT SECRETARIES. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of Secretary, and when so acting shall have all the powers of and be subject to all of the restrictions upon the Secretary. They shall perform such other duties as may be prescribed by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President or a Vice President, such documents as may be required to be signed by the Secretary.

## ARTICLE VI.

### CONTRACTS, CHECKS, DEPOSITS AND FUNDS

SECTION 1. CONTRACTS AND OTHER DOCUMENTS. The Board of Directors, except as by law, the Articles of Incorporation, or these Bylaws may otherwise be required, may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument or document in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, LOANS, ETC. All checks, drafts, loans or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the corporation shall be signed or approved by the President or Vice President and the Secretary or Assistant Secretary of the corporation and in such manner as shall be from time to time determined by the Board of Directors.

SECTION 3. DEPOSITS. All funds of the corporation shall be deposited to the credit of the corporation in such banks, trusts companies or other depositories as the Board of Directors may from time to time select.

SECTION 4. GIFTS. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purpose, or for any special purpose, of the corporation.

## ARTICLE VII.

### BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors, and shall keep at its registered office a record giving the name and addresses of the Board of Directors, together with complete membership roles of Class A and the Class B member. All books and records of the corporation may be inspected by any Director, his agent or attorney, or any member, for any proper purpose at any reasonable time during regular business hours. The corporation shall obtain a financial review once every thirty-six (36) months. The financial review shall document current financial procedures and controls, assess the adequacy of the current financial procedures and controls, suggest improvements thereto, and conduct such other financial reviews as the Board of Directors may deem appropriate.

#### ARTICLE VIII.

##### FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the last day of December in each calendar year.

#### ARTICLE IX.

##### SEAL

The Board of Directors shall provide a corporate seal which shall have thereon the name of the corporation and the word "Seal". Such seal, as impressed on the margin hereof, is hereby adopted as the Seal of the corporation.

#### ARTICLE X.

##### WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or by the Nonprofit Corporation Act of the State of North Carolina, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

#### ARTICLE XI.

##### AMENDMENT TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority vote of the Board of Directors present at any regular or special meeting. However, these Bylaws may not be amended in any way which would be in violation of the law or which would result in the corporation losing its nonprofit status.

#### ARTICLE XII.

##### INDEMNIFICATION

Any person who at any time serves or has served as a Director of the corporation, or who, while serving as a Director of the corporation, serves or has served, at the request of the corporation, as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, or is a trustee or administrator under an employee benefit plan, shall have a right to be indemnified by the corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorney's fees, incurred by him in connection with any threatened, pending or completed civil, criminal, administrative, investigative, or arbitratative action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty, or settlement for which he may have become liable in any such action, suit, or proceeding.



The Board of Directors of the corporation shall take all such action as may be necessary and appropriate to authorize the corporation to pay the indemnification as required by this Bylaw, including, without limitation, making a determination that indemnification is permissible in the circumstances in a good faith evaluation of the manner in which the claimant for indemnity acted, and of the reasonable amount of indemnity due him. The Board of Directors may appoint a committee or special council to make such determination and evaluation. To the extent needed, the Board shall give notice to, and obtain approval by, the members of the corporation for any decision to indemnify, however, these Bylaws do not specifically require such approval by the members.

Any person who at any time after the adoption of this Bylaw serves or has served in the aforesaid capacity for or on behalf of the corporation 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 rights 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.

NOTICE OF ADOPTION  
BY  
LEATHERWOOD MOUNTAIN PROPERTY OWNERS ASSOCIATION, INC.  
OF BYLAWS

The undersigned, being the Secretary of the Leatherwood Mountain Property Owners Association, Inc., hereby gives notice that the Board of Directors of the Leatherwood Mountain Property Owners Association, Inc., at a regular meeting of the board on February 16, 2013, adopted the following resolution:

**RESOLVED**, that the Bylaws attached hereto are hereby adopted.

The Directors and Officers were authorized to take any reasonable and necessary actions to effectuate the intent of this action.

This resolution is effective as of the 16<sup>th</sup> day of February 2013.

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Keith Johnston, Secretary