

BY-LAWS

OF

EAGLE LAKE PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I - IDENTIFICATION

Section 1. NAME: The name of this corporation is EAGLE LAKE PROPERTY OWNERS' ASSOCIATION, INC., referred to herein as the "Association". TAX ID # 59-308 250 A

Section 2. PRINCIPAL OFFICE: The principal office of the corporation shall be or such specific other location in North Carolina as may be, from time to time, designated by the Board of Directors, referred to herein as the "Board".

Section 3. SEAL: The Board shall adopt a corporate seal containing the name of the Association together with the words "corporation not for profit".

Section 4. FISCAL YEAR: The fiscal year of the Association shall be selected by the Board.

ARTICLE II - PURPOSES AND POWERS

Section 1. PURPOSE: The purposes for which EAGLE LAKE PROPERTY OWNERS' ASSOCIATION, INC. is organized are to further and promote the common interests of the property owners within EAGLE LAKE DEVELOPMENT, located in Transylvania County, North Carolina, and in connection therewith to own, maintain, operate or provide for the operation of common properties of all kinds for the use, enjoyment and benefit of its members.

Section 2. POWERS: The Association shall do whatever is necessary, conducive, incidental or advisable to accomplish and promote its purposes and, in connection therewith, shall have, but shall not be limited to, the following powers:

(a) To acquire real or personal property by gift, purchase or other means;

(b) To own, hold, enjoy lease, operate, maintain, convey, sell, assign, transfer, mortgage or otherwise encumber or dedicate for public use any real or personal property owned by it;

(c) To exercise the powers and functions granted to it in recorded subdivision restrictions affecting

property in Eagle Lake;

(d) To own, construct, maintain and operate community facilities of all kinds within the development, to prescribe the use thereof and to contract for the maintenance, operation and management thereof;

(e) To regulate, maintain, rebuild, repair, beautify and otherwise care for all streets within the development not subject to regulation or maintenance by governmental authority;

(f) To enforce charges, easements, restrictions, covenants, conditions and agreements existing upon or created by the benefit of the real property within the development.

(g) To levy annual charges upon Members and to declare the same a lien against the property subject thereto in accordance with the recorded subdivision restrictions relating to the development;

(h) To do all other acts necessary or expedient for the administration of its affairs and the attainment of its purposes not otherwise inconsistent or in contravention of the laws of the State of North Carolina from time to time existing pertaining to corporations not for profit; and

ARTICLE III - MEMBERSHIP

Section 1. **DETERMINATION.** Membership in the Association is limited to persons or entities who are owners of lots in the development, and is automatic with and appurtenant to such ownership. Membership may be granted to adjoining property owners at the discretion of the Board of Directors.

Section 2. **EVIDENCE OF MEMBERSHIP:** The Association shall have two classes of voting membership:

(a) **Class A.** Class A members shall be all owners of lots or dwellings, with the exception of the developer, Quartel Corporation (f/k/a Camachee Cove Yacht Harbor, Inc.), its successors or assigns, and there shall be one (1) vote for each lot or dwelling.

(b) **Class B.** Class B member shall be the developer, Quartel Corporation (f/k/a Camachee Cove Yacht Harbor, Inc.) its successors or assigns, who shall be entitled to the number of votes equal to the number of lots from time to time subject to the Declaration of

Restrictive Covenants or which are depicted on a preliminary plan for the property which the developer intends to subject to the Declaration of Restrictive Covenants, plus one. The total number of votes of the Class B member shall be increased at the time of submission of the preliminary plat to the County or upon commencement of the developer's marketing such lots to include the number of lots contained within the additional property plus one. The Class B membership shall cease upon the happening of the first of the following events to occur: (i) When the developer has conveyed one hundred (100%) percent of the property or additional property which it owns; or (ii) Fifteen (15) years from the date of the recording of the Declaration of Restrictive Covenants in Book 325, page 61, Transylvania County Registry; or (iii) When developer, in its sole discretion, elects to transfer control to the Class A members.

Section 3. EVIDENCE OF MEMBERSHIP: The Association has no capital stock and shares therein shall not be issued. Membership in the Association may be evidenced by certificates of membership or other written documentation but failure to do so shall in no way alter or affect the rights, privileges or obligations of membership. Such evidence of membership shall be issued over the signature, or facsimile signature, of any authorized officer.

Section 4. MEMBERSHIP ROLLS: A membership roll shall be maintained by the Association containing sufficient data to determine the name and address of members and a description of their lot within the development upon which such membership is based.

Section 5. TRANSFER: Membership in the Association is transferrable only upon the conveyance or other disposition of legal or equitable title of the lot in the development upon which such membership is determined and to which it is appurtenant. Transfers of membership, may be subject to a transfer fee set by the Board of Directors and to the payment of all indebtedness, if any, to the Association of the member whose membership is transferred.

ARTICLE IV - MEETINGS OF THE MEMBERSHIP

Section 1. PLACE OF MEETINGS: Meetings of the members of the Association shall be held in the County of the Association's principal office in the State of North Carolina at such particular place therein as stated in the notice for such meeting.

Section 2. ANNUAL MEETING: The annual meeting of the members of this Association for the election of directors and for the transaction of such other business as may properly come before

said meeting shall be held at such hour and on such day during the month of _____ of each year, as shall be determined by the Board.

Section 3. **NOTICE:** Written notice of each annual meeting shall be given to each member entitled to vote, either by personal delivery or by mail, addressed to such member at his record address appearing on the books of the Association. All such notices shall be sent to each member entitled thereto not less than ten (10) and not more than sixty (60) days before each annual meeting, and shall also state the general nature of the business or proposal to be considered or acted upon at such meeting.

Section 4. **SPECIAL MEETING:** Special meetings of the members for any purpose or purposes whatsoever may be called at any time by the Association President, by: (a) a majority of the Board; or (b) by not less than fifteen (15) members entitled to vote. Except in special cases where other express provision may be made by statute, notice of such special meetings shall be given in the same manner as for the annual meetings of members. Notices of any special meeting shall specify in addition to the place, date and hour of such meeting the specific purpose of the meeting and no other business shall be transacted at said meeting.

Section 5. **ADJOURNED MEETINGS AND NOTICE THEREOF:** Any members' meeting, annual or special, whether or not a quorum is present of the members, may be adjourned without a meeting if authorized in writing by all of the members who would be entitled to vote upon such action at a meeting duly called.

Section 6. **QUORUM:** The presence at any meeting, in person or by proxy, of twenty-five (25%) of the membership entitled to vote shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

If any meeting, annual or special, cannot be held for lack of a quorum, the same may be adjourned, as hereinabove provided, for a period of time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which adjourned meeting any business may be transacted which might have been transacted at the original meeting.

Section 7. **VOTING:** There shall be only one (1) vote per lot despite join or co-ownership. Only members in whose names memberships entitled to vote stand on the records of the Association on the record date for voting purposes, fixed as provided in ARTICLE VIII, Section 1, of these bylaws, shall be entitled to vote at such meeting.

Notwithstanding anything to the contrary herein, any owner who owns two or more contiguous lots and has elected to have said contiguous lots treated as one (1) lot for purposes of the Restrictive Covenants shall have one (1) membership in the Association and shall have one (1) vote pursuant to the Amendments to the Declaration of Restrictive Covenants recorded in Deed Book 336, page 30, Transylvania County Registry.

Section 8. **ACTION WITHOUT MEETING:** Any action, except the election of directors by mailed ballot pursuant to the provisions of Article V, or except as otherwise provided by law which under the applicable provisions of law may be taken at a meeting of the members, may be taken without a meeting if authorized in writing by all of the members who would be entitled to vote upon such action at a meeting duly called.

Section 9. **PROXIES:** Every member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association.

ARTICLE V - BOARD OF DIRECTORS

Section 1. **POWERS:** Subject to any limitations of the articles of incorporation, of these bylaws, and of the laws of North Carolina, all corporate powers of the Association shall be exercised by or controlled by a Board of Directors without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

(a) To select and remove all officers, agents and employees of the Association and prescribe such powers and duties for them as may not be inconsistent with law, with the articles of incorporation or these bylaws;

(b) To conduct, manage and control the affairs and business of the Association or any of its facilities or properties and to make such rules and regulations therefor as are not inconsistent with law, with the articles of incorporation or these bylaws;

(c) To change the principal office for the transaction of the business of the Association from one location to another as provided in ARTICLE I, hereof; to designate the place for the holding of members' meetings; and to adopt and use a corporate seal;

(d) To take such steps as may be necessary to implement any of the powers of the Association enumerated

in ARTICLE II, hereof; and

(e) To appoint committees, and to delegate thereto its powers and authority in the management of the business and affairs of the Association and its property except the power to adopt, amend or repeal bylaws. Any such committee shall contain at least one (1) member of the Board.

Section 2. **NUMBER AND QUALIFICATION:** The authorized number of Directors shall be 5. Their initial terms of office shall be fixed from time to time by the Board.

Section 3. **ELECTION AND TERM OF OFFICE:** Until the first annual meeting of members in 19 , the Directors shall be those individuals named in the Articles of Incorporation or their successors determined pursuant to Section 4 of this Article. At such meeting, and at each annual meeting of members thereafter, directors shall be elected to fill the vacancies of those members whose terms have expired; provided, however, that if for any reason any such annual meeting is not held, or the directors are not elected thereat, they may be elected at any special meeting of members held for that purpose. In any event, all Board Members shall hold office until their respective successors are elected.

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

Terms of directors elected by the members shall be for .3 years.

Section 4. **VACANCIES.** Vacancies on the Board may be filled by appointments made by a majority of the remaining directors though less than a quorum, or by a sole remaining director, and each member so appointed shall hold office until his successor is elected by the members as herein provided.

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

No reduction of the number of action directors shall have the effect of removing any director prior to the expiration of his term

of office.

Section 5. **REGULAR MEETINGS.** Immediately following each annual meeting of members, or if none is held, then following the election of directors by mailed ballot, the Board shall hold a regular meeting for the purpose of organization, election of Association officers and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 6. **SPECIAL MEETINGS.** Special meetings of the Board may be held at any time and for any purpose upon call by the President, or if he is absent or unable or refuses to act, by any Vice President or by any two (2) directors.

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

Section 7. **WAIVER OF NOTICE:** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though held at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each director not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. Such waiver, consent or approval may be telegraphed or cabled. All such waivers, consents or approvals shall be filed with the Association records or made a part of the minutes of the meeting. Unless attending for the express purpose of objecting to the transactions of any business because the meeting was not lawfully called or convened, a director who attends a Board meeting shall be deemed to have had timely and proper notice thereof.

Section 8. **QUORUM:** A majority of the acting number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the full Board unless a greater number be required by law.

Section 9. **ADJOURNMENT AND NOTICE:** A quorum of the Board may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

ARTICLE VI - OFFICERS

Section 1. **GENERAL:** The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, each of which shall be elected by the Board. The Association may also have such other officers as may be appointed by the Board. Officers, other than the President, need not be directors. One person may hold two or more offices, except those of President and Secretary.

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

Section 2. **REMOVAL AND RESIGNATION:** Any officer may be removed, by action of the Board.

Resignation of officers shall take effect at the date of the receipt thereof or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. **VACANCIES:** A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

Section 4. **PRESIDENT:** The President shall be chosen from the Board and shall be the chief executive officer of the Association. Subject to the control of the Board, he shall have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members of the Board. He shall be an ex officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and such other powers and duties as may be prescribed by the Board or these By-Laws.

Section 5. **VICE PRESIDENT:** In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board or, if not ranked, the Vice President designated by the Board, shall perform all the duties of the President and, when so acting shall have all the power of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as may be prescribed by the Board, the President or these By-Laws.

Section 6. **SECRETARY:** The Secretary shall keep or cause to be kept, at the principal office of the Association or such other

place as the Board may order, a book of minutes of all meetings of the Board and of Association members, or a duplicate thereof, with the time and place of holding meetings, whether regular or special, the notice thereof given, the names of those present at Board meetings, the number of memberships present or represented at member's meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board may order, the membership roll or register referred to in ARTICLE III, Section 4, hereof.

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

Section 7. **TREASURER:** The Treasurer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of account shall at all times be open to inspection by any director.

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

ARTICLE VII - ASSESSMENTS

Section 1. **GENERAL:** The Association shall have the power to levy annual and special assessments as herein set forth and as set out in the Declaration of Restrictive Covenants. All assessments shall be prepaid on an annual basis or paid to the Association in installments as may be determined by the Board.

Section 2. **ANNUAL ASSESSMENTS:** Each year the Board shall consider the current and future needs of the Association and, in light of such needs, fix by resolution the amount of annual assessment to be levied against each lot in the development, which amount shall be a debt of the member owning such lot.

Section 3. **NOTICE:** The Secretary shall mail to each member whose lot is assessed at such member's record address, written notice of each annual assessment and the time and manner for

payment thereof at least two (2) weeks prior to the time such assessment shall become due and payable.

Section 4. **SUSPENSION:** The Association shall not be required to transfer membership on its books or to allow the exercise of any rights or privileges of membership on account thereof to any member or to any persons claiming under them unless or until all assessments and charges to which the same are subject have been paid.

Section 5. **LIEN:** The amount of any assessment, plus any other charges thereon, including interest at ten (10%) percent per annum from the date of delinquency and costs of collection (including attorney's fees), if any, shall constitute and become a lien on the lot so assessed when the Board causes to be recorded among the public records of Transylvania County, North Carolina, a notice of assessment which shall state the amount of such assessment and such other charges and description of the lot which has been assessed. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment of said assessment and charges in connection with which such notice has been so recorded, the Board shall cause to be so recorded, a further notice stating the satisfaction and the release of the lien thereof.

Section 6. **PRIORITY OF LIEN:** Such lien shall be prior to all other liens recorded subsequent to said notice of assessment except that liens of first mortgages incurred for the purpose of constructing a residence or other improvement and which are recorded in accordance with applicable law shall be superior to any and all such liens provided for herein.

Section 7. **ENFORCEMENT:** The lien provided for herein may be foreclosed by suit by the Association in like manner as a deed of trust and, in such event, the Association may be a bidder at a foreclosure sale. The Association may also pursue any other remedy against any member owing money to the Association which is available to it by law for the collection of debt.

ARTICLE VII - MISCELLANEOUS

Section 1. **RECORD DATE:** The Board may fix a time in the future as a record date for the determination of members entitled to notice of ballot. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting or election. When a record date is so fixed, only members of record on that date shall be entitled to notice of and to vote at the meeting or election, notwithstanding any change of membership status after the record date.

Section 2. **INSPECTION OF RECORDS:** The membership roll or register or duplicate thereof, the books of account and minutes of

proceedings of the members, the Board and any committee shall be open upon the written demand of any member at any reasonable time and for purpose reasonably related to his interests as a member.

Section 3. **CHECKS AND DRAFTS:** All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

Section 4. **ANNUAL ACCOUNTING:** An annual report and account, including a statement of income and disbursements, shall be sent to the members not later than one hundred twenty (120) days after the close of the Associations fiscal year.

Section 5. **EXECUTION OF CONTRACTS:** The Board except as may be otherwise provided in these By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument or document in the name of and on behalf of the Association and such authority may be general or confined to specific instances. Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts, promissory notes and other evidences of indebtedness, mortgages and other corporate instruments or documents requiring the corporate seal shall be executed, signed or endorsed by the President (or any Vice President) and by the Secretary (or any Assistant Secretary) or the Treasurer.

Section 6. **INSPECTION OF BY-LAWS:** The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws, as amended from time to time, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

ARTICLE IX - AMENDMENTS

New By-Laws may be adopted or these By-Laws may be amended or rescinded by the Board or by the vote or written assent of a simple majority of the members entitled to vote either in person or by proxy, at any annual or special meeting called for such purpose.