

**BYLAWS
of the
CADES COVE HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is CADES COVE HOMEOWNERS' ASSOCIATION, INC. (hereinafter referred to as the 'Association'). The principal office of the corporation shall be 407 Lord Thomas Avenue, Southport, North Carolina 28461, but meetings of the members and Directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. The corporation may have offices at such other places either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

**ARTICLE II
DEFINITION**

Section 1. **Association** shall mean and refer to the CADES COVE HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

Section 2. **Property or Properties** shall mean and refer to that certain real property described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

Section 3. **Lot or Lots** shall mean and refer to any numbered plot of land with delineated boundary lines, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site (as shown upon any recorded plats) of the Properties. Common Area and road rights-of-way, which are offered for public dedication, are not Lots.

Section 4. **Owner** shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including the Declarant and contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. **Declarant** shall mean and refer to Cardinal Builders, LLC, a North Carolina limited liability company, its successors and assigns, to whom the rights of Declarant are expressly transferred or if such successors or assigns should acquire more undeveloped acreage for the purpose of development, or acquire title to the property under a deed in lieu of foreclosure judicial foreclosure, or foreclosure under power of sale contained in any deed of trust or one otherwise denominated a 'Declarant' herein.

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Section 6. **Declaration** shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Cades Cove and supplemental declarations and amendments thereto, if any applicable to the Properties as recorded in the Office of the Register of Deeds of Brunswick County, North Carolina.

Section 7. **Member** shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. **Board of Directors** or **Board** means the Board of Directors of the Association as provided in the Declaration.

Section 9. **Bylaws** mean the Bylaws of the Association, as they now or hereafter exist.

Section 10. **Common Area** or **Common Areas** shall mean all real property and/or easements to be owned by the Association for the common use and enjoyment of the Owners. Common Area(s) includes any and all of those certain portions of the Properties (including the improvements thereto) labeled as Common Area(s), pool, pool building, pond, park, wetlands, walkways and alleyways on the recorded plats and all rights of way shown thereon (except for public rights of way) and any drainage facilities located within drainage easement areas and any open space for the common use and enjoyment of the Owners. The Declarant will convey the Common Area (s) to the Association. If the Declarant annexes property in the future, the Declarant may identify additional Common Area(s) associated with the annexed property.

Section 11. **Manager** shall mean and refer to the Person employed by the Board of Directors as a professional manager, if any, pursuant to the provisions of the Bylaws to manage the affairs of the Association.

Section 12. **Person** shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 13. **Director** or **Directors** shall mean and refer to a member(s) of the Board of Directors.

**ARTICLE III
PURPOSES**

The purposes for which the Association is organized are:

To engage in any lawful activity for which corporations may be organized under Chapter 55A of the General Statutes of North Carolina.

To provide for and assure the maintenance, preservation and architectural control of the Properties subject to the Declaration, including all annexations and additions thereto as may be hereafter brought within the jurisdiction of the Association.

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To promote the health, safety and welfare of the Owners of the Properties and any additions thereto as may hereafter be brought within the jurisdiction of the Association.

To undertake the performance of the acts and duties incident to the ownership, management, development, maintenance and architectural control of the Property and in particular of the Common Area in accordance with the terms, provisions, conditions and authorizations contained in the Association's Articles of Incorporation and the Declaration.

**ARTICLE IV
MEETING OF MEMBERS**

Section 1. **Annual Meeting.** The annual meeting of Members shall be held during the last quarter of the fiscal year of each year for the purpose of electing Directors of the Association and for the transaction of such other business as may be properly brought before the meeting. If the annual meeting shall not be held as designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 3 of this Article IV. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2. **Special Meeting.** Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors, or upon the written request to the Secretary by Members holding at least twenty percent (20%) of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

Section 3. **Notice of Meetings.** Notice of meetings of members shall be given by the President by written or printed notice stating the date, time, and place of the meeting. The notice may be delivered by hand-delivery, United States mail, or, if elected by the owner, by electronic mail to the address on file with the Secretary. The notice must be sent not less than thirty (30), nor more than sixty (60) days before the meeting date to each member of record entitled to vote at the meeting. If notice is sent by United States mail, 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 the members of the Association, with postage prepaid. If notice is sent by electronic mail, such notice shall be deemed to be effectively transmitted when correctly addressed to the member at the member's address as it appears on the current record of members of the Association. The notice shall specify the place, date and time of the meeting and in the case of a special meeting, shall include a description of the matter or matters for which the meeting is called. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting shall be equivalent to the giving of such notice.

Section 4. **Quorum.** The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast, more than fifty-one percent (51%) of the votes of the Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If however, the required quorum shall not be present or represented at any meeting, the Members entitled to vote there at shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

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Section 5. **Proxy.** Members may vote either in person or by one or more proxies authorized by a written appointment of proxy signed by the Member or by his duly authorized attorney-in-fact prior to the commencement of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. If a proxy confers authority upon two or more persons and does not otherwise provide, a majority of them present at the meeting, or if only one is present then that one, may exercise all the powers conferred by the proxy. Unless a proxy otherwise provides, any proxy holder may appoint, in writing, a substitute to act in his place. All proxies shall be in writing and must be dated and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

(a) **Written Ballot.** Any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter. Approval of a matter by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast. A ballot may be delivered and submitted by electronic means. Electronically submitted ballots shall bear the member's electronic signature in accordance with the provisions of North Carolina Statute § 55A-7-24. A written ballot may not be revoked and shall: (a) Set forth each proposed action, (b) Provide an opportunity to vote for or against each proposed action individually, and (c) Indicate the date by which a ballot shall be received by the Association in order to be counted.

Section 6. Voting of Shares.

(a) The Association shall have one class of voting membership:

Class A. Class A Members shall be Owners, including the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any fractional vote be cast.

The Declarant shall remain a Class A Member of the Association as to each Lot in which the Declarant then holds the interest otherwise required for such Class A membership. Declarant, as a Member of the Association, or any representative of Declarant serving on the Board, shall not be required to disqualify himself from the vote upon or entrance into any contract or matter between Declarant and the Association in which Declarant may have a pecuniary or other interest.

(b) If a quorum exists, action on a matter by the Members (except with respect to the election of Directors) is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless a greater vote is required by law, the Articles of Incorporation, the Declaration or these Bylaws.

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Section 7. **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 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 Association for inclusion in the minutes or filing with the corporate records.

Section 8. **Voting Lists.** At least ten (10) days before each meeting of Members, the Secretary of the Association or the Association's Manager shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment, with the address of each Member and the number of votes to be exercised by each Member. Beginning two business days after notice is given of the meeting for which the list was prepared and continuing through the meeting, the list of members shall be available at the Association's principal office for inspection by any member for the purpose of communication with other members concerning the meeting. A member, personally or by or with his representatives, is entitled on written demand to inspect, and, subject to the limitations of N.C.G.S. § 55A-16-02(c) and 55A-16-05 and at his expense, to copy the list at a reasonable time during the period it is available for inspection (55A-7-20). This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

Section 9. **Loss of Right to Vote.** The vote of any Member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured nor shall such Member be eligible to be elected to the Board of Directors. Delinquency must be cured 24 hours prior to the meeting.

Section 10. **Order.** The order of business at annual Members' meetings, and, as far as practical at all other Members' meetings, shall be:

- (a) Roll call and proof certifying of quorum and proxies (where applicable)
- (b) Proof of notice of meeting or waiver of notice (for Annual or Special Meetings only)
- (c) Reading of the minutes from the preceding meeting
- (d) Reports of Officers and Manager (where applicable)
- (e) Reports of Committees
- (f) Election of Directors
- (g) Unfinished business
- (h) New business
- (i) Adjournment

Section 11. **Conduct of Meetings.** The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The most current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Association documents.

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**ARTICLE V
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE**

Section 1. **General Powers.** The affairs of the Association shall be managed by the Board of Directors, in accordance with the provisions of applicable law, the Articles of Incorporation, the Declaration and these Bylaws.

Section 2. **Number, Term and Qualification.** The number of Directors of the Association shall be not less than three (3) nor more than seven (7). The number of Directors may be fixed or changed from time to time, within the minimum and maximum, by the Members entitled to vote for Directors or by the Board of Directors. Only the Members entitled to vote for Directors may change the range for the size of the Board or change from a variable-range size Board to a fixed size Board (or vice-versa). Directors must be members of the Association, The Directors shall be divided into three (3) classes, as nearly equal in number as may be, to serve in the first instance for terms of one, two and three years, respectively, and thereafter the successors in each class of Directors shall be elected to serve for terms of one, two or three years. In the event of any increase or decrease in the number of Directors, the additional or eliminated directorships shall be so classified or chosen that all classes of Directors shall remain or become as nearly equal in number as may be.

Section 3. **Removal.** Any Director may be removed from the Board, with or without cause, by a majority vote of all of the Members. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor and until his or her successor is elected.

Section 4. **Compensation.** No Director shall receive compensation for any service he/she may render to the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

Section 5. **Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

**ARTICLE VI
NOMINATION; ELECTION AND RESIGNATION OF DIRECTORS**

Section 1. **Nomination.** Solicitations for Nomination for election to the Board of Directors shall be made by an announcement from the Board of Directors or the Association's Manager. The notice may be delivered by hand-delivery, United States mail, or, if elected by the owner, by electronic mail to the address on file with the Secretary. If notice is sent by United States mail, 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 the members of the Association, with postage prepaid. If notice is sent by electronic mail, such notice shall be deemed to be effectively transmitted when correctly addressed to the member at the member's address as it appears on the current record of members of the Association. Nominations may also be made from the floor at the annual Candidates Night meeting of the Members.

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Candidates Night will be held two-four weeks prior to the Annual Meeting of the members, at a date selected by the Board of Directors. No nominations from the floor will be permitted the night of the Annual Meeting.

Section 2. **Election.** Directors shall be elected at any annual meeting of the Members or at a special meeting of the Members of which notice of the purpose to elect one or more Directors has been duly given. The election of Directors shall be a part of the order of business of each annual meeting of the Members. Election to the Board of Directors shall be by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be elected. In the event that there are different term lengths that are being filled, those persons receiving the most votes will fill the longest terms by order of number of votes received. Cumulative voting is not permitted. The Association shall publish the names, addresses and email addresses of all Directors of the Association within 30 days of their election.

Section 3. **Election Verification.** Tabulation of election results shall be witnessed by an independent third party, a volunteer poll worker with the Brunswick County Registrar of Voters or a Notary Public. An independent third party may be an owner, but may not be a Director or a candidate for Director or be related to a Director or to a candidate for Director. An independent third party may not be a person, business entity or subdivision of a business entity who is currently employed or under contract to the Association for any compensable service. The number of witnesses of elections shall be one or three or as determined by the Board of Directors.

Section 4. **Resignation.** A Director may resign at any time by giving notice of his resignation in writing addressed to the President or the Secretary, or by presenting his written resignation in person at an annual or special meeting of Directors.

**ARTICLE VII
MEETINGS OF DIRECTORS**

Section 1. **Annual Meeting.** The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Members, for the purpose of electing officers of the Association and the transaction of such other business as may be properly brought before the meeting. If the annual meeting is not held as designated by these Bylaws, a substitute annual meeting may be called by or at the request of the President or a majority of the Board of Directors in accordance with the provisions of Section 4 of this Article VII, and such meeting shall be designated and treated for all purposes as the annual meeting.

Section 2. **Special Meetings.** Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors.

Section 3. **Place of Meetings.** Meetings of the Board of Directors may be held at the principal office of the Association or at such other place, either within or without the State of North Carolina, as shall either (i) be designated in the notice of the meeting or (ii) be agreed upon at or before the meeting by a majority of the Directors then in office.

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Section 4. **Notice of Meetings.** The Secretary or other person or persons calling a meeting for which notice is required shall give notice at least three days before the meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a meeting of the Board of Directors. Attendance by a Director at a meeting shall constitute a waiver of notice, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 5. **Quorum.** A majority of the Directors in office shall constitute a quorum for the transaction of business at a meeting of the Board of Directors.

Section 6. **Manner of Acting.** Except as otherwise provided by law, the Articles of Incorporation, the Declaration, or these Bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. **Action Without Meeting.** Action taken by a majority of the Directors or members of a committee without a meeting is nevertheless Board or committee action if written consent to the action in question is signed by all of the Directors or of the members of the committee, as the case may be, and filed with the minutes of the proceedings of the Board or committee, whether done before or after the action is taken.

Section 8. **Meeting by Conference Telephone.** Any one or more Directors or members of a committee may participate in a meeting of the Board or committee by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other, and such participation in a meeting shall be deemed presence in person at such meeting.

Section 9. **Electronic Meeting.** Any one or more Directors or members of a committee may participate in a meeting of the Board or committee by means of electronic communication, which allows all persons participating in the meeting to hear each other and such participation in a meeting shall be deemed presence in person at such meeting.

**ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 1. Powers. The Board of Directors shall have the following powers:

(a) Adopt and publish rules and regulations governing the use of the Common Area facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties and/or fines for the infraction thereof;

(b) Suspend the voting rights and the right of the 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 and for a period not to exceed sixty (60) days for infraction of the published rules and regulations;

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(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

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(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) Employ a Manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties. If a Manager is employed, the Board may delegate the power to such Manager to sign routine checks on the Association's checking account to pay routine and recurring bills and costs and as may be set forth in the contract of the Manager or as set forth in the resolution of the Directors from time to time;

(f) Contract with any Person to maintain and restore the Common Area;

(g) Procure adequate insurance, including hazard and/or liability insurance, for Common Areas and facilities, Directors liability insurance and such other insurance as it shall deem necessary and appropriate; and include the cost of such insurance in the annual assessment of the Members.

(h) Foreclose the lien against any Lot for which the assessments are not paid within ninety (90) days after their due date and bring an action at law against the Owner personally obligated to pay the same, as more fully provided in the Declaration;

(i) Exercise such other powers as are conferred upon the Association by the Articles of Incorporation or the Declaration;

(j) Grant easements for the installation and maintenance of sewage utility or drainage facilities upon, over, under and across the Common Area without the assent of the Members, when such easements are necessary for the convenient use and enjoyment of the Properties; and

(k) Appoint and remove all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bonds as it may deem expedient.

Section 2. Duties. It shall be the duty of the Board of Directors to perform the following:

(a) Prepare and make available for review to all Members at the principal office of the Association or on the Association's website, a complete record of all approved Board actions;

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

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(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot and provide notice of the annual assessment to each Owner in accordance with the Declaration.

(2) Consider foreclosure on the lien against any property for which assessments (including late fees, interest) have not been paid within ninety (90) days after the due date and/or to bring an action at law against the Owner personally obligated to pay the same in accordance with the Declaration.

(d) Procure and maintain adequate liability insurance (and create a reserve for payment of premiums therefore and to collect the same) covering the Association and the Directors and Officers thereof and adequate hazard insurance on all Common Areas including recreational facilities.

(e) Officers and employees having fiscal responsibilities may be bonded, as the Board or the membership may deem appropriate.

(f) Cause all Common Areas and recreational areas to be maintained after they have been conveyed to the Association.

(g) Pay any license fees or other governmental charges levied or imposed against the Common Area or other property, real or personal, owned by the Association.

(h) To perform all other duties imposed by the Articles of Incorporation and the Declaration.

(i) Appoint such committees as are provided for in these Bylaws and/or the Declaration, and such other committees as shall be appropriate, desirable or necessary for the proper administration and performance of the Association.

(j) Exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration, operation, and maintenance of the Association and the Property.

(k) Furnish, upon written or emailed request, to a Lot Owner or the Lot Owner's authorized agents, a statement setting forth the amount of unpaid assessments and other charges against a Lot. The statement shall be furnished within ten (10) business days after receipt of the a written or emailed request to the Association's Manager and is binding on the Association, the Board, and every Lot Owner.

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**ARTICLE IX
OFFICERS AND THEIR DUTIES**

Section 1. Titles. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. No officer may act in more than one capacity except for the Secretary and Treasurer, who may act as Secretary/Treasurer. The Board of Directors may also elect one or more additional Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, and such other officers, as it shall deem necessary. Except as otherwise provided in these Bylaws, the additional officers shall have the authority and perform the duties as, from time to time, may be prescribed by the Board of Directors. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where action of two or more officers is required.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. The Association shall publish (on the Association's website and the Management Company's website) the names, addresses, and email addresses of all officers of the Association within thirty days of their election.

Section 3. Term. Each officer of the Association shall be elected by the Board; and each officer shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise shall be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine necessary.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. 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.

Section 6. 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/she replaces.

Section 7. 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 except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Compensation. No officer shall receive any compensation from the Association for acting as such, unless a paid employee of the Association has been elected as an officer.

Section 9. Duties. The duties of the officers are as follows:

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President

(a) The President shall be the principal executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds of trust, deeds and other written instruments and shall co-sign checks and promissory notes. The President personally, or by tasking to another Board member, shall also prepare, execute, certify, and record amendments to the Declaration on behalf of the Association upon obtaining the proper approval for said amendments as fully provided in the Declaration.

Vice-President

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

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board (either directly or through a Board-sponsored committee) and of the Members (either directly or through the Association's Management company); keep appropriate current records showing the Members of the Association together with their addresses, email address, and contact phone numbers (either directly or through the Association's Management company), and shall perform such other duties as required by the Board.

Treasurer

The Treasurer shall provide oversight of the Association's Management company (if applicable); receive and deposit in appropriate bank accounts all monies of the Association and shall approve disbursement of such funds as directed by resolution of the Board of Directors. The Treasurer's oversight responsibility also includes: review of all checks and promissory notes of the Association, review of books of account (as directed by the Board of Directors) and participation in the preparation of an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and delivery of a copy of each to the Members.

**ARTICLE X
COMMITTEES**

The Board of Directors shall appoint an Architectural Review Board as provided by the Declaration. In addition, the Board of Directors shall appoint such other committees as deemed appropriate in carrying out its purposes. The function and duties of committees are subject to the oversight and approval of the Board of Directors. Should an Architectural Review Board not be appointed, the Board of Directors will stand in place of said committee.

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**ARTICLE XI
INDEMNIFICATION**

Section 1. General Policy. It shall be the policy of the Association to indemnify to the maximum extent permitted by Chapter 55A of the General Statutes of North Carolina the Directors, officers and committee members of the Association, and persons who serve or have served at the request of the Association as directors or officers of another corporation, association, partnership, joint venture, trust or other enterprise, against judgments, penalties, settlements and other liabilities incurred by them in connection with any pending, threatened or completed action, suit or proceeding, whether civil, criminal, investigative or administrative (a 'proceeding') and against reasonable expenses (including attorneys' fees) in connection with any proceeding, where such liabilities and litigation expenses were incurred incident to the good faith performance of their duties.

Section 2. Use of Association Funds for Indemnification. The Association may advance expenses in connection with any proceeding to any such person in accordance with applicable law. The use of funds of the Association for indemnification shall be deemed a proper expense of the Association.

**ARTICLE XII
BOOKS AND RECORD**

The books, records and papers of the Association shall at all times and during reasonable business hours, by appointment, be subject to inspection by any Member. The Declaration, the Cades Cove Design Guidelines, and the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member of the Association, where copies may be purchased at a reasonable the then-standard cost per page to duplicate.

**ARTICLE XIII
ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments that are not paid when due shall be delinquent. Any assessment not paid within thirty (30) days after its due date shall bear interest from the due date at the rate of eighteen percent (18.0%) per annum or the highest rate allowed by law and shall be subject to a late charge to be determined by the Board but not to exceed the maximum allowable by law and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot as more fully described in the Declaration. Interest, late charges, collection and court costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Board may, in its sole discretion, waive the interest charges and/or late charges for extenuating circumstances. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. The provisions for fiscal management of the Association, set forth in the Declaration, shall be supplemented by the following provisions:

(a) Assessments Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such an account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners,

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CADES COVE HOMEOWNERS' ASSOCIATION, INC.**

the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance upon assessments.

(b) The Association shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association including, but not limited to the following items; (i) Common Area expense budget, including projected expenses for maintenance and operation of Common Area, pool, pool building, pond, landscaping, and walkways, alleyways, utility services, taxes and governmental charges levied against the Common Area and recreational facilities, casualty insurance, liability insurance, if any, and administration; and (ii) Proposed assessments against each Member. Within thirty (30) days after adoption of any proposed budget for Cades Cove, the Board, or the Association's Management company, shall provide to all the Lot Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Lot Owners to consider ratification of the budget, such meeting to be held not less than 30 days nor more than 60 days after mailing or emailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Lot Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board. If the budget at any time proves inadequate for any reason, then the Board may approve a special assessment as more specifically provided in the Declaration.

(c) Association Depository. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Association and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Association.

**ARTICLE XIV
AMENDMENT**

Section 1. These Bylaws may be amended at a annual or special meeting of the Members by a vote of a majority of Members present in person or by proxy at which a quorum is present, provided the notice of such meeting shall state the proposed amendment to be voted on in a reasonable manner to give notice thereof.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and Bylaws, the Declaration shall control.

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**ARTICLE XV
MISCELLANEOUS**

Section 1. Seal. The Association shall have a seal in circular form having within its circumference the words: Cades Cove Homeowners' Association, Inc., North Carolina, 2005.

Section 2. Waiver of Notice. Whenever a notice is required to be given to a Director or other person under the provisions of these Bylaws, the Articles of Incorporation or by applicable law, a waiver in writing, signed by the person or persons entitled to the notice, whether before or after the time stated in the notice, shall be equivalent to giving the notice.

Section 3. Bond. The Board of Directors may by resolution require any or all officers, agents or employees of the Association to give bond to the Association, with sufficient sureties, conditioned upon the faithful performance of the duties of their offices or positions, and to comply with such other conditions as may from time to time be required by the Board.

Section 4. Loans. Subject to the terms of the Declaration, no loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 5. Fiscal Year. The fiscal year of the Association shall be the period ending on December 31st of each year.

Section 6. Earnings. No part of the net earnings of the Association shall inure to the benefit of its Members, Directors, officers, or other Persons except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the Association.

IN WITNESS WHEREOF, the Secretary of the Cades Cove Homeowners' Association, Inc. has hereunto set his/her hand this 7th day December of 2018, following adoption by the Board (10/9/18) and Members of the Association (12/6/18).

Rick Jones
Secretary