

CAROLINA FOREST ASSOCIATION, INC.
Bylaws

As amended through December 2, 2011
These Bylaws supersede all previous Bylaws and Amendments

ARTICLE I - DEFINITIONS

The following words and terms, as used in these Bylaws of the Carolina Forest Association, Inc., a North Carolina nonprofit corporation, shall, unless the context shall otherwise require, mean and be defined as follows:

- (a) "Association": the aforesaid corporation, used interchangeably with "Corporation" (hereinafter sometimes called "CFA").
- (b) "Board" or "Board of Directors": the Board of Directors of the Association.
- (c) "Bylaws": the Bylaws of the Association.
- (d) "Carolina Forest": That area of land in Montgomery County, NC within the boundaries described on the plat maps on pages 43 and 49 of book 6 recorded in the Register of Deeds office in Montgomery County, NC, including the Carolina Forest and Lake in the Pines subdivisions.
- (e) "He" and "his" as used herein are interchangeable with "she," "her," and "hers."
- (f) "Fee": Any and all fees, charges, or assessments levied by the Association upon owners of lots in Carolina Forest for the operation of CFA.
- (g) "Due" or "Due Date": The date fees levied by the Association are due and payable, extended by any applicable grace period, as fixed by resolution of the Board of Directors.
- (h) "Amenities": The clubhouse, swimming pool, marina, playgrounds, campground, the lake at Lake in the Pines, and any other amenities which the Board chooses to maintain or which may be added from time to time.
- (i) "Annual Operating Cost": A sum which is determined annually by the Board of Directors and shall be an amount that is computed by adding together the anticipated costs to operate the Association in keeping with the Purpose of the Association and these Bylaws, including administrative costs, security, maintenance, upkeep, and replacement of the roads, common areas, and amenities within Carolina Forest.
- (j) "Lot Assessment": Effective January 1, 2005, each Lot shall annually be assessed a sum for the reasonable and necessary operation, maintenance, and upkeep of CFA as defined in paragraph (i) above. The annual assessment amount per Lot shall be computed upon the number of Lots owned by individuals or legal entities other than CFA who by operation of law or by written agreement are obligated to pay said assessments, taking into account the revenue from said assessments, the cash reserves of CFA as well as projected revenues from other sources and adjusted by anticipated uncollected assessments. The Assessment for a Lot which is not an improved Lot shall be seventy percent (70%) of the assessment of an improved Lot.
- (k) "Improved Lot": A parcel of land within Carolina Forest designated for ownership by an owner which is not a common area and upon which has been placed a septic system or where construction of a dwelling or other structure has been commenced or completed.
- (l) "Lien": A claim by the Association against the Lot or Lots for any fee that is not paid by the owner thereof after the due date thereof. The lien shall be filed in the Office of the Register of Deeds of Montgomery County under the name of the owner as of the date the debt was incurred.

- (m) "Lot": A parcel of land within Carolina Forest designated for ownership by an owner and not designated as a common area or a CFA reserved lot.
- (n) "Member" and "Membership" are defined in Article III below.
- (o) "Owner": The individual or legal entity whose name appears on the deed to one or more lots in Carolina Forest as recorded in Montgomery County.

ARTICLE II – STATEMENT OF PURPOSE

Section 1. **Association.** As further described in the Corporation's Articles of Incorporation, the purpose of the Association is to regulate, maintain, secure, develop, improve and promote Carolina Forest for the benefit and enjoyment of its Members and the protection of property values.

Section 2. **Bylaws.** The purpose of the Bylaws is to set forth the governing rules of the Association for the administration, operation, and regulation of the Association's affairs.

ARTICLE III – MEMBERSHIP

Section 1. **Member.** A Member of Carolina Forest Association shall be an owner of property in Carolina Forest who has paid all CFA fees when due or who has agreed, in writing, to a payment plan and is current with his payments, and who is not a Non-Member under Section 4 below.

Section 2. **Duties of Members**

- (a) **Payment of fees.** Any fees levied by the Association shall be paid to the Association on or before any date such payment is due, as fixed by resolution of the Board of Directors. Written notice of such fees and the due date shall be sent to the owner at such owner's last known address.
- (b) **Grace Period and Late Charges.** A late charge of twenty-five dollars (\$25.00) per lot shall be added to the account for any lot with an outstanding balance on March 1st of each year unless the owner is participating in a payment plan. Any late charges assessed shall become a part of the principal amount due.
- (c) **Nonpayment of fees.** In the event that any fees are not paid when due, or payments are not made under the terms of a payment plan, the Board of Directors may direct that past due account to an attorney or a collection agency for collection and legal action which may be instituted for the collection of such past-due fees. If such action is taken by the Board, interest at the legal rate, reasonable attorney's fees as provided by statute and the costs of such action may be added to the amount due to the Association. An owner whose fee payments are past due is a Non-Member as defined in Section 4 below.
- (d) **Notice of Lien.** Any fees not paid when due become a lien upon the owner's real estate in favor of the Association from the time that the Notice of Lien is filed in the Office of the Clerk of Superior Court of Montgomery County. The Notice of Lien shall state with particularity the dues, charges, fees, or assessments which have been levied by the Association and which are unpaid. If the lien is not paid within thirty (30) days of the filing thereof, then the Association shall be entitled to pursue further legal action against the owner for the fees due.
- (e) **Rules.** Each Member and invited guest of the same shall abide by all rules adopted and publicized by the Board of Directors for the supervision, maintenance, regulation, and operation of the Association and the facilities and properties owned by the Association. Such rules include, but are not limited to, the Bylaws, the Rules and Regulations, and the Construction Policy.

(f) Care of Property. Each owner of property in Carolina Forest shall keep such property in good repair and shall prevent such property from becoming objectionable, noxious, or unsightly.

(g) Rental of Property. Owners of a dwelling are permitted to lease such dwelling to a third party for six months or more, and a copy of such lease must be on file at the Association office. Rentals or leases of lesser duration and rentals of multiple properties are not permitted.

Section 3. Membership.

(a) Provided that the owner is a Member as defined in Section 1 above, the following persons shall be entitled to enjoy the benefits and privileges of Membership as provided in this Section.

1) Owners whose names appear on the title to the property. Multiple owners on the title shall be considered as co-owners in this section of the Bylaws.

2) The spouse and/or children of a co-owner who also have the same principal residence as said co-owner, except, that if there are more than two families represented by co-owners, the guest membership privilege as to use of the Association facilities shall be limited to three (3) persons whose names must be on file at the Association office. In the exception, all other persons, family or guests shall be governed by guest rules as set forth below.

3) Where a lot or lots are owned by business firms, corporations, associations, churches, or organizations, three persons, whose names must be on file at the Association office, are permitted to use the facilities of the Association.

(b) Voting. A Member shall be entitled to one vote. The person representing the Member, as described below, shall be entitled to cast votes on any issues to be voted upon by Members.

1) Where a lot is owned by one person, that person is entitled to vote.

2) When a lot is owned by a husband and wife in any form of joint ownership, either, but not both, is entitled to vote.

3) Where any lot is owned by more than one person, other than one husband and wife, the Member entitled to vote must be designated in writing, signed by all record owners, and be on file at the Association office before any vote may be validated or cast.

4) In case of corporate partnership, business firms, associations, churches, fraternal societies, or other entities that own one or more lots, the person representing any such collective ownership as the Member entitled to vote, shall be designated in writing, and must be on file at the Association office prior to casting any vote.

5) Ownership of more than one lot shall not entitle the Member to more than one vote, regardless of the number of lots owned. It is further provided that an owner of multiple lots shall be considered a single Member for purpose of notice and determination of Association Membership.

(c) Absentee Voting. Absentee Voting shall be permitted for all votes which come before the membership. The Board of Directors shall make rules for implementing Absentee voting, which rules shall be publicized by the Board to all Members.

(d) Additional Privileges of Members.

1) Members, and the guests of each, shall have license to use the roads and recreational facilities owned by the Association subject to such other rules and regulations for the use thereof as may be established from time to time by the Board of Directors of the Association.

2) Members (and their guests) who do not lease a boat slip are permitted to utilize one boat space at a time in the temporary boat slip area of the marina. All boats docked shall display any required Association identification.

Section 4. **Non-Members.**

(a) Non-Member is an owner who has failed to pay fees levied by the Association against him or against his lot(s), or an owner who has been declared a Non-Member (see following).

(b) The Board may declare an owner to be a Non-Member for violation of rules established by the Board of Directors, including, but not limited to the Bylaws, the Rules and Regulations, and the Construction Policy. The Board, or a committee appointed by the Board, shall determine if the owner should be declared a Non-Member, for what period of time, and any conditions of reinstatement deemed appropriate. The owner deemed in violation shall be notified of an opportunity to be heard by the Board, or the committee appointed by the Board for such purpose, giving the time and place of such opportunity to be heard. The date of hearing shall not be more than 30 days after the owner is notified that he is to be declared a Non-Member. The suspension shall not commence until after a hearing is held, if one is requested by the owner. The Board may lift said suspension upon conditions deemed advisable, if any, or order that such suspension be made permanent, or continue said suspension subject to any conditions deemed necessary or advisable.

(c) Non-Members, and tenants of owners who are non-members, forfeit all rights and privileges of Members, including notices, voting, and use of the Association's facilities, including roads, with the exception that such owner or tenant is permitted to use the most direct road from the gate to his property.

Section 5. **Consolidation of Lots for fee purposes.**

A Member who owns multiple lots may request the consolidation of said lots if the lots to be consolidated are necessary and utilized with respect to a dwelling for driveways, septic tanks, sanitary drain fields, drains, or auxiliary structures necessary for the use and enjoyment of the dwelling constructed upon said lots. The decision to consolidate lots must be approved by the Board of Directors. The consolidation of lots for fee purposes shall become effective only after construction of a dwelling upon the lots to be consolidated has been completed and a certificate of occupancy has been issued by the appropriate authority. The fees related to the consolidated lots shall be levied and be in effect on the first day of the year following completion of construction upon the lots to be consolidated.

In the event any lots previously consolidated are sold separately or cease to be used in conjunction with the dwelling on said lots in the manner specified above, then such lots are no longer consolidated, and such lots will be assessed fees as unconsolidated lots from that time forward.

ARTICLE IV - MEETINGS OF MEMBERS

Section 1. **Place of Meetings.** Any meetings of the Members of the Association shall be held in the State of North Carolina at such place therein as may be stated in the notice of such meeting.

Section 2. **The Annual Meeting.** The Annual meeting of the Association shall be held on Saturday on the first weekend in June of each year.

Section 3. **Special Meetings of the Association.** Special meetings of the Association may be called by the Board of Directors of the Association at any time by notice given in the manner hereinafter provided. A special meeting also may be called by the written petition of Members representing twenty percent (20%) of Members entitled to vote at such meetings. Petitions for such special meetings shall set forth the purpose for which the special meeting has been called; and the notice of any special meeting, whether at the call of the Board of Directors or upon petition of the Members representing twenty percent (20%) as aforesaid, shall set forth the purpose of said meeting, and no business other than that specified in notice of meeting shall be considered at such special meeting.

Section 4. **Notice of Meetings of the Association.** Written or printed notice stating the place, date, and hour of the meeting, and in cases of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days or more than forty (40) days before the date of the meeting, either personally or by mail, at the direction of the Board of Directors, to each Member entitled to vote in such meetings. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid; or such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among Members of the Association.

Section 5. **Quorum.** Except as may be otherwise provided herein, a quorum at either a special meeting or at the Annual Meeting shall be ten percent (10%) of the Members entitled to vote at such meeting. The vote of a majority of the voters represented, either in person or by absentee ballot, at the meeting shall be necessary for the adoption of any matter voted upon by the Members, unless a greater proportion is required either by law or by these Bylaws.

ARTICLE V - THE DIRECTORS

Section 1. **General.** The Board of Directors shall regulate, maintain, secure, develop, and promote Carolina Forest for the benefit and enjoyment of its Members in keeping with the Purpose of the Association as described in Article II of these Bylaws. The Board of Directors shall exercise its responsibility and supervise the carrying out of such responsibilities in a reasonable and prudent manner in accordance with good business practices, being always mindful of the cost and expense involved in carrying out its responsibilities.

Section 2. Duties, Responsibilities and Authority

(a) Maintain the property, facilities, equipment, and landscaping owned by the Association.

(b) Administer the affairs of the Association, keep the Association's records, collect its accounts, and carry out the Association's responsibilities to its Members and governmental agencies.

(c) Designate a banking institution or institutions as depository for the Association's funds and the officers and employees authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.

(d) Borrow money for Association purposes if deemed necessary. The written affirmation of a majority of the Board of Directors that the interest of the Association requires the borrowing of money shall be sufficient evidence that the borrowing is for a proper corporate purpose. The Board

of Directors may, assign, pledge, mortgage, or encumber any Association property as security for such loans, and they may pledge or assign future revenues of the Association as security thereof.

(e) Employ office, security, and maintenance personnel as may be needed for the proper administration, protection, and maintenance of the Association, its properties, and its Members. The Board of Directors may further employ the services of contractors to perform maintenance, road repair, security, carpentry, plumbing, electrical, legal, accounting, or other Association activities as required and deemed economically practical.

(f) Provide employees and contractors with clear, concise, and unambiguous written descriptions of duties, responsibilities, authority, and expectations required for the performance of their assignment.

(g) Purchase, lease, or rent vehicles and equipment, and purchase such materials as needed to maintain and otherwise carry out the Association's activities in keeping with the Purpose of the Association.

(h) Adopt and publicize such rules and regulations relating to the supervision, maintenance, regulation, and operation of the Association and the facilities and properties owned by the Association as deemed reasonable and necessary and in the best interest of the Association and all of its Members.

(i) Promote activities and programs designed to increase the desirability and use of Carolina Forest and its facilities and for the entertainment, relaxation, use, and benefit of Members.

(j) Provide reasonable protection and security of the property within Carolina Forest, including property owned by the Association and property owned by Members.

(k) Adopt reasonable rules of order for the conduct of Association and Director meetings. On procedural questions for which no rules have been adopted, the ruling of the chairperson of the meeting shall be final.

(l) Preserve, protect, and supervise the lease rights held by the Association applicable to the water-front areas in accordance with the terms of the lease with Progress Energy, Carolinas, and its assigns or successors.

(m) Rent, as deemed necessary or appropriate, any properties owned by the Association for a reasonable and lawful use, unless otherwise provided herein.

(n) Adopt an annual operating budget. The Board of Directors shall appoint a committee to prepare a proposed operating budget. The chairperson of this committee shall present the proposed budget to the Board of Directors at their meeting during the month of October. In preparing such proposed budget the committee shall first determine the Annual Operating Cost of the Association. The committee shall then recommend a Lot Assessment that it shall deem reasonable, fair, and equitable and for the best interest of the Association.

The Board of Directors, upon approving the proposed budget, shall cause the proposed budget to be mailed, during the month of November, to each Member. Such Members may then make comments in writing to the Board of Directors before their meeting in December. The Board of Directors shall consider the comments of the membership and formally adopt a budget, and then shall cause a statement to be sent to each owner specifying the amounts due and payable. All fees, charges, or assessments shall be deemed payable as of January 1 of the year for which said amounts are due.

The Board of Directors shall be bound by the operating portion of said budget adopted, and shall not vary therefrom by more than five percent (5%) of the total amount thereof without resolution by a unanimous vote of the Board of Directors. The five percent (5%) limitation is applicable solely to the operating budget and does not apply to expenditure of reserve or savings accounts, should such expenditure be necessary or desirable in the best interest of the Association for major capital repair, emergencies, or acquisition of additional land or facilities deemed necessary or

desirable and approved by unanimous vote of the Board.

(o) Remediate any noxious or offensive lots within CFA, for which a reasonable charge may be levied against the owner. If the cost of such remediation remains unpaid, it may be added to and become a part of the fees to which said lot is subject, and may be collected in any manner in which such fees may be collected. Neither CFA nor any of its agents, employees, or contractors shall be liable for any damage which may result from any maintenance work performed hereunder, except in cases of gross negligence.

(p) Levy special assessments upon the owners to pay the cost of exceptional or unusual events (such as the cleanup of major storm damage). If such assessment remains unpaid, it shall be added to and become a part of the fees to which said lot is subject, and may be collected in any manner in which such fees may be collected.

(q) Perform other powers or acts which have been granted herein or by law to the extent necessary to fully conduct the Association's affairs.

(r) Enforce these Bylaws and all rules and regulations by adopting and utilizing reasonable policies and sanctions available herein or by law.

Section 3. **Number of Directors.** The number of the Directors shall be five (5).

Section 4. **Election and Term.**

(a) Each member of the Board of Directors serves for a term of two (2) years. Elections shall be held every year at the annual meeting during the month of June. No Director shall serve for more than two (2) consecutive terms, whether elected or appointed to fill a vacancy. A Director may be re-elected after remaining off the Board for a period of one (1) year. Directors must be CFA members in good standing.

(b) The Election Procedures

1. **Slate of Candidates for Office.** Any Member who desires to become a candidate for the office of Director of the Association must prepare a statement of such candidacy, including a brief biographical sketch. Any such statement of candidacy and short biographical sketch must be filed at the Association office on or before April 25th of each year. Also, candidates may be nominated from the floor at the annual meeting of the Association.

2. **Ballots.** Prior to May 15th of each year, the Board of Directors shall cause to be prepared written ballots containing the slate of candidates, with names appearing on said ballot in the order in which the statements of candidacy were filed, together with the biographical sketches. On or before May 15th, the ballot containing the slate of candidates and biographical sketches shall be mailed, together with a notice of the meeting, to each Member.

3. **Voting.** There shall be one vote allowed per Member for one candidate for each office to be filled. There shall be no cumulative voting. Every Member entitled to vote can do so by the appropriate execution of a ballot, either in person at the annual meeting or by completing a ballot in its entirety and returning it to the Association office on or before the date indicated on the ballot. All ballots marked by Members shall be placed in a secure box provided for the purpose of receiving the ballots. As the next to last order of business at the Association's election meeting, the election shall be conducted.

4. **Counting the ballots.**

(a) The ballots shall be counted by an election committee composed of five (5) Members of the Association who are not candidates. Members of the election committee

shall be appointed from the floor at the annual meeting. The election committee shall tally the votes immediately after the ballots have been cast and the appointed chairperson shall announce the results of the vote and declare the winners of said election.

(b) No ballot shall contain any marks or writing therein except the checking of the candidate or candidates voted for. The appearance of any such other marking on the ballot will void the ballot. In case of a tie vote, the election committee shall, by the toss of a coin, determine the candidate to be declared elected to the board.

5. Order of Business. The Directors declared to be elected by the election committee shall, as the last order of business of the annual Association meeting, be declared duly elected and their term of office shall begin immediately following said annual meeting and they shall thereupon replace the Directors whose term has expired or fill any vacancy occurring prior to said election.

Section 5. Meeting of the Board of Directors. The Board of Directors shall meet at least quarterly. The Board of Directors may by resolution determine that they should meet with greater frequency. Upon adoption of such a resolution setting forth the times of regular meetings, the requirement of this section calling for notice of such meetings may be waived. Special meetings of the Board of Directors may be called by a majority of the Directors and shall be held at such place as the call or notice of the meeting shall designate. Notice of a special meeting may be given in writing or orally at least twenty-four (24) hours prior to the date of the said special meeting, or notice thereof may be waived by the Directors in writing.

Section 6. Action Without Meeting. Any action, except as may be otherwise provided herein or by law, which, under the applicable provisions of such law, may be taken at a meeting of the Board may be taken without a meeting if authorized in writing by all the Board members who will be entitled to vote upon said action at a meeting and filed with the Association office.

Section 7. Quorum. Except as may be otherwise indicated herein, a majority of the Directors shall constitute a quorum to transact business for the Association, and the act of the majority of the Directors present at any meeting shall be deemed to be the act of the Board of Directors.

Section 8. Vacancies. In the event that there shall be vacancies on the Board of Directors caused through the resignation, death, or incapacity of a Director, such vacancies shall be filled by appointment by the remaining Directors even though those remaining Directors might be less than a quorum. Such persons as appointed shall act as a Director until the next annual meeting of the Association. At that time, a replacement shall be elected to fill any remaining unexpired term of said Director.

Section 9. Attendance at the Board of Directors' Meetings. Directors are expected to attend all regularly scheduled and special meetings of the Board of Directors. Any Director missing two (2) consecutive regularly scheduled or special meetings of the Board of Directors shall be considered to have voluntarily resigned his position as Director, and the vacancy thus created may be filled in accordance with the provisions in Section 8. Notwithstanding the foregoing, a Director may be excused from attendance at a regularly scheduled or special meeting by a majority of the Board of Directors attending such meeting if in their opinion the Director was prevented from such attendance by sickness or other acceptable reason. A Director shall not be deemed to have missed a meeting for

which he was granted an excuse. However, no more than two (2) excused meetings may be granted per year. Furthermore, a Director must attend at least two thirds (2/3) of the total regularly scheduled and special meetings per year.

Section 10. **Removal of Directors.** Directors may be removed from their elected position at a special or annual meeting of the Association by a two-thirds (2/3) vote of those Members in attendance at such special or annual meeting at which a quorum is present.

Section 11. **Purchase and Sale of Lots.** No member of the Board of Directors shall buy any lot in Carolina Forest from the Association, nor shall any member of the Board sell any lot to the Association. Notwithstanding the foregoing, a member of the Board may purchase a lot within Carolina Forest that is sold at public auction for which notice of the sale was published.

ARTICLE VI - THE OFFICERS

Section 1. **Officers.** The Board of Directors of the Association shall appoint the President, Secretary, and Treasurer. The Board may appoint such other officers and assistant officers as the Board deems necessary. Officers shall serve at the will of the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President, Secretary, and Treasurer. Officers must be Members of the Association.

Section 2. **President.** The President of the Association shall attend the meetings of the Board of Directors. He shall be the chief officer of the Association. He shall be vested with the powers and duties generally incident to the office of President of a non-profit corporation, except where specifically designated to the contrary by action of the Board of Directors, or as may be otherwise set forth in these Bylaws.

Section 3. **Vice-President (if applicable).** In the absence of the President, or in the event of his inability to act, the Vice-President is empowered to act, and shall thereupon be vested with the powers of the President of the Association.

Section 4. **Secretary.** The Secretary of the Association shall keep the minutes of the business and other matters transacted at the meeting of the members and of the Board. He shall cause to be mailed all notices required under the Bylaws. He shall ensure maintenance of a list of the Members and their addresses and perform all other duties incident to the office of Secretary as may be directed by the Board of Directors.

Section 5. **Treasurer.** The Treasurer shall provide and maintain the financial records of the Association and sign all checks with either the Business Manager or the President. In the absence of the Treasurer, checks may be signed by the Business Manager and the President of the Association.

Section 6. **Removal of Officers.** Any officer may be removed from office by a majority vote of the Board when, in the judgment of the Board, the best interest of the Association will be served by his removal.

ARTICLE VII - EMPLOYEES

The Board of Directors shall, or may direct the President of the Association to, employ/contract a sufficient number of persons to adequately manage, maintain, and protect the Association and its property.

(a) Business Manager. The Business Manager shall be responsible for the day to day operations of the Association.

(b) Maintenance. Such personnel as required to adequately maintain Association property.

(c) Other Personnel. Other personnel, as required for the security, protection, operation, and maintenance of the Association, its property, amenities, and its Members.

ARTICLE VIII - AMENDMENTS

These Bylaws may be amended by a unanimous vote of the Board of Directors. All amendments shall be dated.