

BYLAWS
of
TIMBERLANDS PROPERTY OWNERS ASSOCIATION
A NORTH CAROLINA CORPORATION
AMENDED JANUARY 7, 2012

Article I

Name and Location

The name of the corporation is TIMBERLANDS PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." Meetings of the directors may be held at such places within the State of North Carolina, County of Franklin, as may be designated by the Board of Directors. The Association shall maintain a local mailing address.

Article II

Definitions

Section 1: The following words when used in these By-laws or any Supplemental By-laws or amendment hereto (unless the context shall prohibit) shall have the following meanings:

- a) "*Association*" shall mean and refer to TIMBERLANDS PROPERTY OWNERS ASSOCIATION, INC., its successors and assigns.
- b) "*Properties*" shall mean and refer to that certain real property described as the Timberlands Subdivision and more particularly described as lots No. 11 through 89 inclusive, according to survey by Bobbitt Surveying, Registered Land Surveyors, as shown on plat thereof dated September 18, 1989, and entitled "Survey for "Timberlands", Section II, Youngsville Township, Franklin County, North Carolina," of record in Plat Record File #3, Slide 91-92, Franklin County, North Carolina, Registry, and other properties as may be annexed thereto.
- c) "*Restrictive Covenants*" shall mean and refer to the Restrictive Covenants applicable to the Properties, and amendments thereto which are recorded at Book 939, Page 159 – 163 in the Office of the Register of Deeds, Franklin County, North Carolina.
- d) "*Lot*" shall mean and refer to any numbered or lettered plot of land shown on any plat including exact metes and bounds descriptions and recorded in the Office of the Register of Deeds, Franklin County, North Carolina, which is made subject to the Restrictive Covenants

as they may be amended.

- e) “*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 contract sellers, but not excluding those having such interest merely as security for the performance of an obligation.
- f) “*Member*” - All Owners, as defined herein, are Members.
- g) “*Member-in-Good-Standing*” shall mean an Owner that has no outstanding Covenant violations or delinquent assessments (as defined in Article X, Paragraph b).

Article III

Meetings

Section 1 – Annual Meetings: Each regular annual meeting of the Members shall be held within the second month of each calendar year, on the day and at the hour specified in the notice to Members of the meeting.

Section 2 – Special Meetings: Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth of all eligible votes of the membership.

Section 3 - Notice of Meetings: Except as otherwise provided in the Articles of Incorporation, the Restrictive Covenants or these By-laws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 30 days before such meeting to each Member entitled to vote there-at, addressed to the Member’s address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4 - Quorum: The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Restrictive Covenants, or these By-laws. If, however, such quorum shall not be present or represented at any meeting, the Members

entitled to vote thereat 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 presented.

Section 5 – Voting and Proxies:

At all meetings of Members, each Member-in-Good-Standing may vote in person or by proxy on the basis of one vote per Lot. All proxies shall be in writing and filed with the Secretary prior to any vote being taken. Every proxy shall be revocable and shall automatically cease upon transfer or conveyance by the Member of his/her Lot. Any action requiring a vote by Members shall be approved by a majority of Members present and voting in person or by proxy. Notwithstanding the above, any Member shall be entitled to vote on amendments to the Restrictive Covenants and Articles of Incorporation.

Article IV

Board of Directors/Service/Term of Office

Section 1 – Number: The affairs of this Association shall be managed by a Board of five (5) directors, who shall be Members-in-Good-Standing of the Association. No Lot which is part of the Properties shall have more than one person or entity serve on the Board of Directors at any point in time.

Section 2 – Term of Office: At each regular annual meeting the Members shall elect directors for the terms expiring that year for a term of three (3) years.

Section 3 – Removal: Any director may be removed from the Board, with or without cause, by a majority vote of the Members-in-Good-Standing of the Association. In the event of death, resignation, or removal of a director, his/her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

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 approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Article V

Nomination and Election of Directors

Section 1 – Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting, by any Member-in-Good-Standing. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members-in-Good-Standing of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are filled. Such nominations shall be made from among Members-in-Good-Standing.

Section 2 – Election: Election to the Board of Directors shall be by secret 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 Restrictive Covenants. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Article VI

Meetings of Directors

Section 1- Regular Meetings: Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2 – Special Meetings: Special meetings of the Board of Directors shall be held when called

by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3 – Quorum: A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Article VII

Powers and Duties of the Board of Directors

Section 1- Powers: The Board of Directors shall have the power to:

- a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Restrictive Covenants;
- b) 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;
- c) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- d) enforce, by any action at law or in equity, the provisions of these By-laws or the Restrictive Covenants, and to hire legal counsel to accomplish the same.

Section 2 – Duties: It shall be the duty of the Board of Directors to:

- a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one fourth (1/4) of the Members who are entitled to vote;
- b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- c) as more fully provided in the Restrictive Covenants, to:
 - 1) fix the amount of any annual assessment against each Member at least thirty (30) days in advance in each annual assessment period;
 - 2) send written notice of each assessment to every Member subject thereto at least thirty (30) days in advance of each annual assessment period; and

- d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- e) cause all officers or employees having fiscal responsibilities to be bonded in an amount equal to a minimum of three (3) months operating expenses plus the amount of the reserve account.
- f) all contracts entered into by the Association prior to transfer of control shall provide for the right of termination by the Association upon no less than ninety (90) days notice without penalty.

Article VIII

Officers and Their Duties

Section 1 – Enumeration of Offices: The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and other such officers as the Board may from time to time by resolution create.

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.

Section 3 – Term: The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise 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.

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 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 a 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 – Duties: The duties are as follows:

President

- a) The President shall preside at all meetings of the Board of Directors and shall see that orders and resolutions of the Board are carried out. All disbursements in excess of \$200 will require the signature of the Treasurer and President. The President may sign checks, of \$200 or less, in the absence of the Treasurer.

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

Treasurer

- d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account. The Treasurer shall prepare a Statement of Income and Expenditures to be presented to the membership at its regular annual meeting. Additionally, the Treasurer shall prepare an Annual

Budget for review and approval by Members at the regular annual meeting. At the discretion of the Board, the Treasurer may cause an annual audit of the Association books to be made by an independent accountant at the end of each fiscal year.

Article IX

Books and Records

The “Timberlands” Restrictive Covenants and Articles of Incorporation of Timberlands Property Owners Association, Inc. are available for inspection at the Franklin County Register of Deeds. Other records will be made available for Member review by request to the Board of Directors.

Article X

Assessments

- a) In order to provide for the best interest and welfare of the Members, The Board of Directors shall determine if any annual assessment is necessary based on the approved annual budget. Annual assessments shall be collected in advance or by installments with such frequency as may be determined appropriate by the Board of Directors. Each Member is obligated to pay to the Association such annual assessments as are adopted.
- b) As more fully provided in the Restrictive Covenants, each Member is obligated to pay to the Association annual assessments. Any assessments, which are not paid when due, shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate then permitted by North Carolina law, and the Association may bring an action at law against the owner personally obligated to pay the same, and interest, late fees, costs, and reasonable attorney’s fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his/her Lot.

Article XI

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: Timberlands Property Owners Association, Inc.

Article XII

Amendments and Conflicts

Section 1 – These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of Members-in-Good-Standing present and voting in person or by proxy.

Section 2 – During the period of Declarant control of the Board any amendment to these By-Laws must first be approved by VA and/or FHA, if these By-Laws have first been approved by those agencies.

Section 3 – In the case of a conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Restrictive Covenants and these By-Laws, the Restrictive Covenants shall control.

Article XIII

Miscellaneous

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.