

OF

THOMAS WOODS HOMEOWNERS ASSOCIATION

ARTICLE I

Name and Location

The name of the corporation is hereinafter referred to as the "Association". The principal office of the corporation shall be located at Pisgah Forest, North Carolina.

ARTICLE II

Definitions

Section 1. Thomas Woods shall mean and refer to all of the real property described in Exhibit A attached.

Section 2. "Developer" shall mean and refer to E.L. Thomas and any successor to all or substantially all of its business of developing the properties.

Section 3. "Declaration" shall mean and refer to the protective covenants, conditions, and restrictions and all other provisions herein set forth in the Restrictive Covenants for Thomas Woods as same may from time to time be amended.

Section 4. "Association" shall mean and refer to Thomas Woods Homeowners Association, Inc., its successors and assigns.

Section 5. "Board" shall mean and refer to the Board of Directors of the Association.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Unimproved lot" shall mean and refer to any plot of land listed in Exhibit A with the exception of the Common Areas.

Section 8. "Improved lot" shall mean and refer to a lot or lots on which a residence has been completed for occupancy or is occupied.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot. The foregoing does not include persons or entities who hold an interest in any lot merely as security for the performance of an obligation.

Section 10. "Common Area" shall mean and refer to all real property owned by the Association and/or the Developer for the common use and enjoyment of the members. These common areas known as parks are

identified on a plat and shall be dedicated in perpetuity.

Section 11. "Book of Regulations" shall mean and refer to the document containing the rules, regulations, and policies recommended by the Board of Directors and approved by the membership as the same may from time to time be adopted and amended.

ARTICLE III

Meeting of Members

Section 1. Annual Meeting. An annual meeting of the members for the purpose of hearing reports from all officers and standing committees and for electing directors shall be held in the County of Transylvania, State of North Carolina in January of each year, beginning with the year 1984. The time and place shall be fixed by the directors.

Section 2. Regular Meeting. In addition to the annual meeting regular meeting of the members shall be had at such time and place as shall be determined by the board of directors.

Section 3. Special Meeting. A special meeting of the members must be called within fourteen (14) days by the president, or the board of directors, if requested by not less than 25% of the members having voting rights.

Section 4. Notice of Meetings. Written notice stating the place, day, and hour of any meeting of members shall be delivered either personally or by mail to each member entitled to vote at such meeting or at the direction of the secretary fourteen (14) days prior to the meeting date.

Section 5. Quorum. The members holding fifty-one percent (51%) of the votes shall constitute a quorum at any meeting of the members.

Section 6. Proxies. At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the member. No proxy shall be valid after twelve (12) months from the date of its execution.

Section 7. Voting by Mail. Where directors or officers are to be elected by members, or where there is an act requiring the vote of the members, such election or vote on such proposed action may be conducted by mail in such manner as the board of directors shall determine.

ARTICLE IV

Officers

Section 1. Enumeration of Officers. The Officers of this Association shall be a president, vice-president, secretary, and treasurer, who shall at all times be members of the Board.

Section 2. Nomination of Officers. The officers shall be nominated by a committee consisting of three (3) members (not members of the Board) selected by the Board on or before November 1st of each year. Any member shall have the right to nominate additional candidates from the floor provided nominees have given prior approval.

Section 3. Method of Election of Officers. Officers shall be elected by the Association membership from among its members at each January meeting of the Association. Election shall be by secret ballot. Officers shall be elected by a majority vote.

Section 4. Term. The term of office of officers of the Association shall be one year, the term commencing with the date of their election. No officer or director shall be elected to office for more than four (4) consecutive years.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the members of the Association, by a majority vote. Any officer may resign at any time by giving written notice to the secretary. Such resignation shall take effect on the date of receipt of such notice or at the time specified therein, and unless otherwise specified, 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 or she replaces.

Section 7. Multiple Offices. No two offices may be held by the same person.

Section 8. Eligibility. To be eligible to serve as an officer, a member shall agree to attend at least eighty percent (80%) of the meetings of the Board of Directors of the Association each year.

Section 9. Compensation. No officer shall receive compensation for any service he or she may render to the Association. However, any officers may be reimbursed for his actual expenses incurred in the performance of his or her duties by submitting a bill.

Section 10. Duties. The duties of the officers are as follows:

President

a) The president shall preside as chairman at meetings of the Board and at meetings of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all contracts; and shall generally administer the affairs of the Association.

Vice-President

b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such duties as may be required of him by the Board.

Secretary

c) The secretary shall record the votes and keep minutes of all meeting and proceedings of the Board and of the members, maintain the Book of Regulations; serve notice to members as provided in Article III, Section 4; keep appropriate current records showing the members together with their addresses; and shall perform such other duties as required by the Board. He/She shall notify all members of vacancies of officers and directors within ten (10) days after the vacancy occurs.

Treasurer

d) The treasurer shall be chairman of the Finance Committee; he/she shall cause all monies of the Association to be deposited in the bank accounts of the Association and disbursed therefrom as directed by resolution of the Board; keep proper books of account; prepare, in conjunction with the other members of the Finance Committee, a preliminary budget for the following year, and prepare a statement of income, expenditures, and balance of monies on hand to be presented to the Board and to the members.

ARTICLE V

Board of Directors

Section 1. Term

a) The affairs of the Association shall be managed by the Board of Directors.

b) No representative of the Developer shall be eligible for membership on the Board of Directors.

c) Present directors of the Association shall remain in office.

until the January meeting of members. The term of directors shall be one (1) year.

Section 2. Eligibility. To be eligible to serve as a director, a member must agree to attend at least eighty (80) percent of the meetings of the Board of Directors each year of his term.

ARTICLE VI

Power and Duties of the Board of Directors

The Board of Directors shall:

- a) exercise for the Association all powers, duties, and authority vested in or delegated to the Association by law, the Declaration, or any amended declaration and not reserved to the members by other provisions of the By-Laws, the Articles of Incorporation, or the Declaration;
- b) cause to be kept a complete record of all its corporate affairs in the Minute Book, Book of Regulations, and Book of Accounts, and make such records available for inspection by any member or his agent; present an annual financial statement to the members of the Association;
- c) supervise all officers, agents, and employees of the Association and see that their duties are properly performed;
- d) designate depositories for the Association funds, designate those officers, agents, and/or employees who shall have the authority to withdraw funds;
- e) include in the budget presented at each January meeting any special assessments proposed by a majority vote of the Board;
- f) decide what, if any, interest rate is to be applied to assessments which remain unpaid thirty (30) days after they become due;
- g) send written notice of each assessment to every owner who is subject thereto at least thirty (30) days in advance of the due date of such assessment;
- h) may procure and maintain adequate liability and hazard insurance;
- i) after considering the preliminary budget for the next succeeding calendar year prepared by the Treasurer, prepare and present in writing to the members of the Association, with the notice of the January meeting, a proposed budget and any proposed

special assessment for the next succeeding calendar year.

ARTICLE VII

Standing Committees

The Board of Directors shall appoint four (4) standing committees: (1) an Architectural Control Committee, (2) a Road Committee, (3) a Finance Committee, (4) a Park Committee, each of whose members' terms shall be determined by the Board. The chairman of each standing committee shall be appointed by the Board.

a) The Architectural Control Committee's purpose shall be to enforce the Restrictive Covenants for Thomas Woods.

b) The Road Committee shall review the condition of the roads in Thomas Woods quarterly or as needed, then contact and inform the proper authority about any problem noticed.

c) The Finance Committee shall assist the Treasurer in the preparation of the annual budget and may perform such other financial duties as the Treasurer or the Board may direct.

d) The Park Committee shall propose rules, guidelines, or suggestions regarding the parks or common areas in Thomas Woods. Any proposals may be approved by members with a two-thirds (2/3) majority of votes.

e) Members of the Association shall have the power to create additional committees.

ARTICLE VIII

Powers and Duties of Members

Section 1. Annual Dues. At a meeting of members to be held in January of each year, the members shall determine the actual dues for the next succeeding calendar year by a vote of two-thirds (2/3) of all eligible votes, including the Developer. The Developer and each member shall be entitled to one vote for each unimproved lot and two votes for each improved lot owned.

Section 2. Special Assessments. The members, by a two-thirds (2/3) majority of eligible votes, at any regular or special meeting of members may approve special assessments.

Section 3. Book of Regulations. Members, by a two-thirds (2/3) majority of eligible votes shall adopt or reject all rules and regulations proposed by the Board of Directors.

ARTICLE IX

Voting

Section 1. Voting Rights. Each member not in default of payment of dues and assessments shall be entitled to vote on each matter submitted to a vote of the members, provided however, that each member shall be the sole beneficial owner of an improved or unimproved lot in Thomas Woods. All owners shall have one (1) vote for each unimproved lot and two (2) votes for each improved lot. Where two or more owners own an unimproved lot, only one vote for such lot shall be allowed, and such joint owners shall designate and register with the secretary of the corporation the name of that owner entitled to cast such single vote.

- a) At membership meetings all votes shall be cast in person, or by proxy registered with the secretary.
- b) The Board of Directors is authorized to establish regulations providing for voting by mail.

Section 2. Assignment of Rights. A beneficial owner who is a member of the corporation may assign his membership rights to the tenant residing in the beneficial owner's building. Such assignment shall be effected by filing with the secretary of the corporation a written notice assignment signed by the beneficial member.

ARTICLE X

Fees, Dues, and Assessments

Section 1. Annual Dues. Improved lots shall be assessed in an amount equal to twice the assessment for unimproved lots.

Section 2. Payment of Dues. The annual dues shall be payable by February 28th.

Section 3. Special Assessments. Special assessments may be levied on members of this corporation only by a vote of two-thirds (2/3) majority of eligible votes. The procedure for voting on proposed assessments shall be the same as the procedure provided herein for voting on amendments to these bylaws.

Section 4. Default in Payment of Dues or Assessments. When any member shall be in default in the payment of dues or assessments for a period of thirty (30) days from the date on which such dues or assessments become payable, he shall, for purposes of voting, not be considered as a member in good standing. In addition,

such member shall be dropped from active membership and placed on the inactive list. Such member shall not be reinstated until he has paid dues and assessments in full, and until such time as such member is reinstated, he shall have no rights of any kind arising from membership in the corporation.

Section 5. Assignment of Dues. In the event any member whose dues are paid shall, during the year in which such dues are paid, terminate his membership by sale of his improved or unimproved lot in Thomas Woods shall be entitled to assign to the buyer of said lot the benefit of the paid up dues.

ARTICLE XI

Fiscal Year

The fiscal year of the corporation shall run from the annual January meeting to the succeeding annual January meeting.

ARTICLE XII

Amendments

These By-Laws may be amended with the assent of a two-thirds (2/3) majority of votes as provided in Article IX and Article X, Section 4, of the By-Laws, provided due notice of the proposed amendment is given in writing at least fourteen (14) days before the meeting at which such amendment is to be considered.

ARTICLE XIII

Controlling Documents

In case of any conflict between any of the Articles of Incorporation, Restrictive Covenants for Thomas Woods, By-Laws or any other document, these documents shall control in the following order:

- a) Restrictive Covenants for Thomas Woods
- b) Articles of Incorporation
- c) By-Laws
- d) Other document/s