

**BYLAWS
OF
THE RIDGE LEICESTER PROPERTY OWNERS' ASSOCIATION**

**ARTICLE I
IDENTITY**

These are the Bylaws of The Ridge Leicester Property Owners' Association, a North Carolina Nonprofit Corporation (the "Association"). The Association was incorporated under the Nonprofit Corporation Act contained in Chapter 55A of the North Carolina General Statutes on the 8th day of August, 2007.

All terms defined in the Declaration of Covenants, Conditions and Restrictions for The Ridge Leicester Subdivision recorded in Book 4391, at Page 612, of the Buncombe County Registry (the "Declaration"), a copy of which is attached hereto and incorporated herein by reference, as the same may be amended from time to time, shall have the same meaning herein and shall be used without further definition. The provisions of these Bylaws are applicable to The Ridge Leicester Subdivision (the "Subdivision"), the Lots, the residences located or to be located within the Subdivision, and to the occupancy and use thereof.

The principal office of the Association shall be located at such location within Buncombe County, North Carolina as may be designated by the Association's Board of Directors from time to time.

**ARTICLE II
QUALIFICATIONS AND RESPONSIBILITIES OF MEMBERS**

2.01 Members. Each Lot Owner shall be a member of the Association and shall remain a member until he or she ceases to be a Lot Owner in the Subdivision. When there is more than one Owner of a Lot, all of such persons shall be Members of the Association.

2.02 Termination of Membership. Membership in the Association shall terminate automatically upon said Member being divested of all title to or fee ownership interest in all Lots owned by such Member within the Subdivision. Such termination of Membership in the Association shall be automatic upon presentation of reasonable evidence to the Board of Directors of the Association that such person no longer owns a Lot within the Subdivision.

2.03 Responsibilities of Members. (a) All Owners or any other person that occupies and/or uses the Subdivision or any part thereof in any manner, are subject to the provisions of these Bylaws, the Declaration and any rules and regulations adopted in furtherance hereof ("Rules and Regulations").

(b) The acquisition of a Lot and/or the rental or occupancy of any Lot or any part thereof shall constitute acceptance of these Bylaws, the Declaration, the Rules and Regulations and all amendments thereto, and the agreement to comply therewith.

(c) Only Members of the Association shall have the right to vote. The right to vote shall be a responsibility of Membership in the Association. It shall also be the duty of each Member to register with the Association. Such registration shall include information from the Member concerning the names of all Owners of the Lot, the address or Lot number of the Lot owned in the Subdivision, and the date of acquisition of an ownership interest in said Lot. Furthermore, it shall be the responsibility of the Member to notify the Association in the event of a sale, transfer, or other disposition of said Member's entire interest in any Lot within the Subdivision. The information to be provided by Members to the Association shall be filed with the Secretary of the Association.

2.04 Prohibition of Assignment. The interest of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his or her Lot. The funds and assets of the Association shall belong solely to the Association, subject to the limitation that the same be expended, held or used for the benefit of the Membership and for the purposes authorized in these Bylaws, the Articles of Incorporation, Declaration, and Rules and Regulations.

ARTICLE III MEMBER MEETINGS AND VOTING

3.01 Votes. Voting of Members shall be based on Lot ownership. **Only those Members in good standing and eligible to vote** pursuant to the Bylaws shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof. The Association will initially have two (2) types of voting memberships which are as follows:

(a) Type A Member. Type A members will be Owners (including the Declarant) of Lots. A Type A member will be entitled to one (1) vote for each Lot owned.

(b) Type B Member. The Type B member will be the Declarant or its designated assign. The Type B Member will be entitled to three (3) votes for each vote held by Type A members, plus one (1) vote during the Declarant Control Period. After the expiration of the Declarant Control Period, the Type B Memberships will terminate and all memberships will be Type A memberships.

3.02 Manner of Casting Votes. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary of the Association before the appointed time of any meeting. When any Lot is owned in the name of two or more persons, other than husband and wife, either of whose vote will bind both, by an entity, or in any other manner of joint or common ownership, the Owner who is present at said meeting of the Association is entitled to vote on behalf of such Lot. If more than one Owner is present at an Association meeting, the vote for such Lot will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners filed, a copy of which will be delivered to the Secretary of the Association and will remain

effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

3.03 Required Votes. All questions and issues to be resolved by the Members shall be decided by a majority of the votes cast on the question, unless the provisions of applicable law, the Declaration, or these Bylaws require a greater vote.

3.04 Quorum. A quorum shall consist of Members present, in person or by proxy, entitled to cast at least ten percent (10%) of the total votes in the Association. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members or votes to leave less than a quorum.

3.05 Place. Meetings of the Members of the Association shall be held at the principal office of the Association or such other suitable place within Buncombe County, North Carolina convenient to the Members as may be designated by the Board of Directors.

3.06 Annual Meeting. The annual Member meeting of the Association shall be held at such place, date, and time during the first quarter of each year as may be designated by the Board of Directors. At such annual meetings, the Board of Directors shall be elected by vote of the Members, in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

3.07 Special Meeting. The President shall call a special meeting of the Members on his or her own motion or if so directed by a resolution of the Board of Directors or if a petition is presented to the Board of Directors signed by Members entitled to cast not less than ten percent (10%) of the total votes of the Association. The notice of any special meeting of Members shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting of Members except as stated in the notice thereof.

3.08 Notices. The Secretary shall mail a notice of each annual meeting or special meeting stating the purpose thereof as well as the time and place where it is to be held to each Member at least thirty (30) days but not more than sixty (60) days prior to such meeting. Notice shall be personally delivered or mailed, postage prepaid, to the Member's address within the Subdivision or at such other address as a Member shall have specified to the Association in writing. A notice mailed shall be deemed delivered upon mailing.

3.09 Adjournment for Lack of a Quorum. If any meeting of Members does not have a quorum present at the commencement of the meeting, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

3.10 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll Call and Certifying Proxies.

- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading and approval of minutes of preceding meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Election of Inspectors of Election (when so required).
- (g) Election of Directors (when so required).
- (h) Unfinished business.
- (i) New Business.
- (j) Adjournment.

3.11 Action by Members Without Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting if such action is authorized in writing setting forth the action taken and signed by all Members. The Membership list of the Association at the time of the last signature on any written action taken by consent of the Members shall be binding and conclusive evidence of the status of all persons as Members of the Association.

ARTICLE IV DIRECTORS

4.01 Powers and Duties. The Board of Directors shall have such powers and duties as are reasonably necessary and appropriate for the administration of the affairs of the Association. The Board of Directors may do all such acts and things as are not prohibited by law or matters reserved by these Bylaws or the Declaration to the Lot Owners or Members. Such powers and duties shall include, but are not limited to, the following:

- (a) To prepare and provide to Members of the Association annually, a report of the operations of the Association for the preceding fiscal year;
- (b) To adopt and amend budgets for the operating and capital needs of the Association;
- (c) To establish, collect and impose General Assessments and Special Assessments as provided in these Bylaws and the Declaration;
- (d) To regulate the use of, and to maintain, repair, replace, modify and improve the Community Use Areas, including the roadways, within or serving the Subdivision;
- (e) To adopt and amend Rules and Regulations and to establish reasonable penalties for infractions thereof;
- (f) To enforce the provisions of the Declaration, the Bylaws, and the Rules and Regulations of the Association by all legal means, including injunction and recovery of monetary penalties;
- (g) To hire and terminate managing agents and to delegate to such agents such powers and duties as the Board shall determine, except such as are specifically required by the

Declaration, the Bylaws, or the policies of the Board, to be done or performed by the Board or the Members;

(h) To hire and terminate agents and independent contractors;

(i) To institute, defend, intervene, or settle any litigation or administrative proceedings in its own name on behalf of the Association;

(j) To establish, dissolve, and liquidate, from time to time, reserve, operating, or other accounts maintained by the Association for any purpose;

(k) To grant leases, licenses, easements, and other rights of or relating to the Community Use Areas or other property within the Subdivision owned by the Association;

(l) To impose and collect reasonable charges, including reasonable costs and attorneys fees, for the preparation and recordation of amendments to the Declaration, recordation of variances, issuance of certificates or notices of unpaid Assessments, and such other matters as may be necessary and appropriate to conduct its functions as described in the Bylaws and Declaration;

(m) To provide for indemnification of the Association's Officers and Directors and maintain Officers and Directors liability insurance;

(n) To impose charges for the late payment of Assessments and to levy reasonable fines for violations of these Bylaws, the Declaration, or the Rules and Regulations of the Association;

(o) To suspend the voting rights and right of use of the Community Use Areas of the Subdivision by a Member during any period in which such Member shall be in default in the payment of any General or Special Assessment levied by the Association;

(p) To procure, maintain, and pay premiums on insurance policies and to equitably assess the Members for their prorata portion of such expense;

(q) To exercise all other powers that may be exercised in North Carolina by legal entities of the same type as the Association; and

(r) To exercise any other powers necessary and proper for the governance and operation of the Association.

4.02 Number, Term, and Qualification. (a) The number of Directors constituting the Board of Directors shall not be fewer than three (3), or greater than five (5). Provided, however, that during the Declarant Control Period, as such term is defined in the Declaration of the Subdivision, and further defined in the Act, the number of Directors constituting the Board of Directors shall be three (3), and such Directors shall be appointed by the Declarant. After the expiration of the Declarant Control Period, the number of Directors shall be five (5) members elected by the affirmative vote of a majority of the whole Board given at a regular or special

meeting of the Board of Directors; provided that if the number so determined is to be increased, or decreased, notice of the proposed increase or decrease shall be included in the notice of such meeting or all of the Directors at the time in office shall be present at such meeting or those Directors not present at any time waive or have waived notice thereof in writing; and provided, further, that the number of Directors, which shall constitute the whole Board, shall not be less than three, nor shall it be reduced to a number less than the number of Directors then in office unless such reduction shall become effective only at and after the next ensuing meeting of lot owners for the election of Directors.

(b) Each Director shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, and until such successor is elected and qualifies.

4.03 Election of Directors. Except as provided in Section 4.05 of this Article, the Directors shall be elected at the annual meeting of Members; and those persons who receive the highest number of votes shall be deemed to have been elected. If any Lot Owner so demands, election of Directors shall be by ballot.

4.04 Removal. At any regular or special meeting of the Members of the Association duly called, any one or more of the Directors previously elected by the Members may be removed, with or without cause, by a majority vote of the Members represented at a duly called meeting at which a quorum is present. A successor Director may be elected at the same meeting by a majority vote of the Members to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

4.05 Vacancies. A vacancy occurring in the Board of Directors may be filled by a majority of the remaining Directors though less than a quorum, or by the sole remaining Director. The Members may elect a Director at any time to fill any vacancy not filled by the remaining Directors.

4.06 Chairman. There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

4.07 Compensation. The Board of Directors shall serve without compensation, but shall be reimbursed for out-of-pocket expenses incurred on behalf of the Association which are approved by the Board of Directors.

4.08 Executive Committee. The Board of Directors may, by resolution adopted by a majority of the Directors, designate two or more directors to constitute an Executive Committee, which Executive Committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Association.

ARTICLE V MEETINGS OF DIRECTORS

5.01 Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as the annual meeting of the Members. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings.

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

5.03 Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two (2) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

5.04 Quorum. A majority of the Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

5.05 Manner of Acting. Except as otherwise provided in this Section, 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.

5.06 Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board, whether done before or after the action so taken.

5.07 Meeting by Telephone. Any one or more Directors may participate in a meeting of the Board of Directors 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.

ARTICLE VI OFFICERS

6.01 Number. The officers of the Association shall consist of a President, a Vice President, a Secretary, and a Treasurer and may also consist of an Assistant Secretary and an Assistant Treasurer, in the discretion of the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

6.02 Election and Term. The officers of the Association shall be elected by the Board of Directors. The President must be a member of the Board of Directors. Such elections may be

held at any regular or special meeting of the Board. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified.

6.03 Removal. Upon an affirmative vote of a majority of the members of the Board of Directors, an Officer may be removed, with or without cause, and his or her successor elected at any regular meeting of the Board or any special meeting of the Board of Directors called for such purpose.

6.04 President. The President shall be the principal executive officer of the Association, and, subject to the control of the Board of Directors, shall supervise and control the management of the Association, in accordance with these Bylaws. He shall, when present, preside at all meetings of the Members. He shall sign, with any other proper officer, any deeds, contracts, or other instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent; and, in general, he or she shall perform all duties incident to the office of President, and such other duties as may be prescribed by the Board of Directors from time to time. Without limiting the generality of the forgoing, the President, together with the Secretary, shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

6.05 Vice President. The Vice-President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.

6.06 Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Members and Directors. He shall give all notices required by law and by these By-Laws. He shall have general charge of the books and records of the Association. He shall sign such instruments as may require his signature, and, in general, shall, perform all duties incident to the office of Secretary and such other duties as may be assigned from time to time by the President or by the Board of Directors. Without limiting the generality of the forgoing, the Secretary, together with the President, shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

6.07 Treasurer. The Treasurer shall have custody of all funds belonging to the Association and shall receive, deposit, or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Association in books especially provided for that purpose; and shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations and changes in surplus for such fiscal year, all in reasonable detail, to be made and filed at the registered or principal office of the Association within four months after the end of such fiscal year. The statements so filed shall be kept available for inspection by any Lot Owner for a period of ten years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any Lot Owner upon his written request therefor. The Treasurer shall, in general, perform all duties incident to this office and such other duties as may be assigned from time to time by the President or by the Board of Directors.

6.08 Assistant Secretary and Assistant Treasurer. If the majority of the Board of Directors determines that the Association should also have an Assistant Secretary and/or an Assistant Treasurer, those officers shall perform any duties as may be assigned from time to time by the President or by the Board of Directors.

6.09 Compensation. No Officer shall receive any compensation for serving in said capacity, but shall be reimbursed for out-of-pocket expenses incurred on behalf of the Association which are approved by the Board of Directors.

ARTICLE VII LIABILITY OF OFFICERS AND DIRECTORS OF ASSOCIATION

The Officers and members of the Board of Directors of the Association, designated or elected as provided in these Bylaws, shall not be liable to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Members shall indemnify and hold harmless each of the Officers and members of the Board of Directors against all contractual liability to others arising out of contracts made by the Officers and/or Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or clearly contrary to the provisions of the Declaration or Bylaws. It is intended that the Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Subdivision or Association in such capacity.

ARTICLE VIII FISCAL MANAGEMENT OF THE ASSOCIATION

8.01 Fiscal Management and Budget. The Board shall use the following guidelines in the fiscal management of the Association which shall be subject to the requirements and limitations set forth in the Declaration:

(a) Receipts and disbursements of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(1) Current maintenance, utilities, and administrative expenses, including a reasonable allowance for current contingencies and working funds other than expenditures chargeable to reserves, and amounts necessary to make up any deficits in Common Expenses for any prior year. Any balance in this fund at the end of each year shall be applied to reduce the Assessments for Common Expenses for the succeeding year or shall be transferred to the reserve fund or general operating reserve hereinafter provided for, as determined by the Board of Directors.

(2) A reserve fund for the purpose of performing periodic maintenance, replacement and repair of the Subdivision signs and Community Use Areas and performing major items of maintenance, effecting replacements or additions to the same, and for such other purposes as may from time to time appear to be necessary or appropriate.

(3) Insurance policies obtained and maintained pursuant to these Bylaws.

(b) The Board shall adopt a budget for each fiscal year that shall include the estimated funds required to provide and maintain funds for the foregoing accounts. Said budget shall be based upon the costs set forth in any management agreement in effect pursuant to the provisions of Article IV to the extent that said agreement is applicable to the accounts established above. If no such agreement is in effect and to the extent the management agreement does not provide for costs of the Association, the budget shall be determined by the Board of Directors.

(c) Copies of the budget shall be transmitted to each Member on or before January 1 of the fiscal year for which the budget is made. If the budget is amended subsequently, a copy of the amended budget shall be furnished to each Member.

(d) The maximum amount for any single expenditure which is not included in the annual budget shall be established annually at the time of approval of the annual budget by a majority of the Members in accordance with the provisions of these Bylaws.

8.02 Annual General Assessment. An annual General Assessment against the Lots in order to meet the budget requirements shall be made for the fiscal year annually on or before February 28 of the year for which the annual General Assessment is made. The Board of Directors shall fix the amount of the annual General Assessment against each Member at least ninety (90) days in advance of each annual assessment period. Written notice of the annual General Assessment shall be given to all Members at least thirty (30) days before the due date. The Board of Directors may adjust the due dates. The annual General Assessment shall be due and payable in equal installments or as otherwise determined by the Board of Directors within thirty (30) days of the notice. In the event the Assessment proves to be insufficient, the budget and annual General Assessments may be amended at any time during the year by the Board.

If a Member is in violation of the Declaration, including but not limited to a default in the payment of an annual General Assessment or part thereof, the Association may accelerate the remaining installments (if any) of the current year's Assessment due from such Member upon notice to such Member, and the then unpaid balance of the current year's Assessment shall come due upon the date stated in the notice, but not less than ten (10) days after the forwarding of the notice to the Member.

8.03 Special Assessments. Assessments for general expenses of the Association applicable to all Lots within the Subdivision, including capital expenditures, that are not included in the budget shall be made only after notice of the need for such is given to the Members as provided in the Declaration. Except as otherwise provided in the Declaration or in these Bylaws, any Special Assessment will only be levied if: (a) during the Declarant Control Period the Declarant approves, in writing, such Special Assessment; and (b) after the Declarant Control Period the Special Assessment is not disapproved by sixty-seven percent (67%) or more of the votes of the entire Association at a special meeting of Members called therefore and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting.

The Board of Directors, acting alone, shall have the right to levy Special Assessments against specific Lots. Such Special Assessments against specific Lots shall be made upon majority vote of the Board of Directors. The Lot Owner against which a Special Assessment has been made as a specific Lot shall be promptly notified in writing by the Board of Directors of the Special Assessment, the amount thereof, the reasons for the Special Assessment, and the due date for payment of the Special Assessment.

8.04 Default and Collection. All unpaid Assessments shall bear interest at the rate of eight percent (8%) per annum, which shall accrue from and after thirty (30) days from the time the same are due. In addition, delinquent Owners shall be liable for the costs to the Association, including costs for collection, court costs and reasonable attorney's fees incurred in the collection of such unpaid Assessments. Unpaid Assessments shall constitute a lien against the Lot upon which such assessment is levied and may be collected by the Association pursuant to the provisions hereof and the Declaration.

ARTICLE IX ELECTIVE AND FISCAL YEAR

The fiscal year of the Association for financial, accounting, and Assessment purposes and the elective year for Officers, Directors, and other appointed representatives of the Association shall be the calendar year commencing January 1st and ending December 31st.

ARTICLE X CORPORATE SEAL

The Corporation shall adopt a corporate seal which shall remain in the custody of the Secretary of the Association and shall be affixed by him to all certificates of membership of the Association and to all instruments in writing requiring the corporate seal for complete execution. An impression thereof is affixed to these Bylaws.

ARTICLE XI AMENDMENT

These Bylaws may be amended only by the affirmative vote of Members representing a majority of the Lots of the Subdivision entitled to vote. No amendment hereof shall occur without notice of the proposed amendment being provided in the notice of the Member meeting at which such amendment is to be considered.