

BY- LAWS
OF
CROSS CREEK
PROPERTY OWNERS ASSOCIATION, INC.
OF
GRAHAM COUNTY, NC

APPROVED AS AMENDED September 5, 2009

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BY LAWS
OF
CROSS CREEK PROPERTY OWNERS ASSOCIATION
OF GRAHAM COUNTY, INC.

CROSS CREEK PROPERTY OWNERS ASSOCIATION OF GRAHAM COUNTY, INC.
(herein referred to as "The Association") is established and shall
function as the management entity for the subdivision know as Cross
Creek located in Graham County, North Carolina.

ARTICLE I Purposes and Power of Association

Section 1: Purpose

The purpose of The Association is to provide for the common interest
of the Cross Creek Subdivision Community and to insure the integrity
of the subdivision. The Association shall have the power to enforce
protective covenants in an equitable and consistent manner.

Section 2: Powers

The Association shall have the power and authority stated in the
Articles of Incorporation and, in particular, the power and authority
to:

1. Adopt and amend these By-laws pursuant to the terms of these By-laws.
2. Adopt and amend budgets for revenues, expenditures and reserves, and collect assessments and dues for common expenses from owners/members.
3. Hire and terminate agents and independent contractors to carry out the purposes of The Association.
4. Institute, defend or intervene in its own name in litigation or administrative proceedings on matters affecting the project.
5. Make contracts and incur liabilities.
6. Regulate the use, maintenance, repair, replacements and modification of subdivision streets, water systems (including wells, delivery and storage) and common areas.

7. Acquire, hold, encumber and convey in its own name any right, title or interest to real property designated as common areas, if any. The Association shall not acquire or hold any other interest in real or personal property except as allowed by these by-laws or by member vote.

8. Grant easements, licenses and concessions through or over those interests acquired pursuant to number (7) above.

9. Impose charges for the late payment of assessments and dues and after notice and an opportunity to be heard, levy reasonable penalties for violations of The Association By-laws.

10. Provide for the indemnification of and maintain liability insurance for its officers and Board of Directors.

11. To provide for the common interest of the Cross Creek Community insuring the integrity of the subdivision, it being the intention that this corporation will perform all of the functions of a property owners association for Cross Creek Subdivision and all subdivisions derived there from as the same is contemplated in Declarations of Covenants, restrictions, easements, reservations, terms and conditions filed in the Office of the Register of Deeds for Graham County, N. C., conditions filed in the Office of the Register of Deeds for Graham County, North Carolina, including but not limited to, those declarations recorded in Deed Book 121 at Page 265, Deed Book 122 at Page 731, Deed Book 125 at Page 169, Deed Book 133 at Page 669 and Deed Book 174 at Page 659, Graham County Registry. The Association shall have the power to enforce said covenants in an equitable and consistent manner.

12. Exercise all other powers that may be exercised in this state by legal entities of the same type as The Association.

ARTICLE II Jurisdiction and Authority

The Association is established in conformity with the covenants and deed restrictions which have been incorporated in the title to each parcel of land within the subdivision known as Cross Creek, located in Graham County, North Carolina.

The Association shall consist of members (as hereinafter defined) owning parcels in the subdivision. The geographic and membership limitations (the geographic limitations hereinafter referred to as the "Subdivision Jurisdiction") of The Association shall not be extended further, except upon a written two-thirds affirmative vote of The Association membership.

ARTICLE III Membership of Association

Section 1. Owners as Members

The record owners of each lot of land within the Subdivision Jurisdiction of The Association shall be members (hereinafter "owners" or "members") of this Association. Each owner shall be entitled to one vote per lot assessment paid in the election of the Board of Director's, designated officers, and all other matters coming before the members of The Association for vote. If any single lot within the Subdivision Jurisdiction is owned by more than one person, there shall be only one membership and one vote for such parcel of land and the voting rights in The Association with reference to such parcel of land shall be exercised by such record owners according to a vote of the majority of the interests in such lot. These membership voting rights are governed as follows:

1. The record owners, their heirs, successors or assigns shall be entitled to no more than one vote per lot assessment paid on any matter brought before the membership for vote.

2. Owners (association members) who are more than ninety days delinquent in payment of properly assessed dues or assessments may not vote on any matters to come before The Association membership for vote until such time as any such delinquency and any associated penalties have been satisfied.

3. The record owner of two contiguous lots of land within the Subdivision Jurisdiction, which have been combined for purpose of a single assessment, and which has been approved by the board, shall only be entitled to a single Association membership. It is the intention hereby that owners shall be entitled to one vote for each assessment paid.

Section 2. General Meetings

General membership meetings shall be held during the months of May and September of each year. The May meeting shall be designated the Annual Meeting. In the event that a quorum representing 50% of the membership is not present at a general meeting, any motions duly made and passed by a majority of those present shall be binding unless objected to in writing by ten members within 15 days after the minutes have been distributed. If, in the opinion of a majority of the Board of Directors, there is no matter of importance to present to the membership at the September regular meeting, such meeting may be cancelled by written notice to the membership.

Section 3. Special Meetings

Special membership meetings may be called either by the Chairman with the concurrence of 2/3 of the Board of Directors, or by any nine members submitting a petition to the Board of Directors and gaining concurrence of 2/3 of the Board of Directors. Written notice of the time, place and subject of a special meeting will be mailed to each member no less than thirty (30) days prior to the meeting and no other items may be placed upon the agenda.

ARTICLE IV Board of Directors

Section 1. The affairs of The Association shall be governed by a Board of Directors seven (7) in number.

Section 2. The Board of Directors shall have the powers and duties necessary for the legal administration of the affairs of The Association and as provided for in these by-laws of The Association.

Section 3. Election of Directors and Certain Officers:

On or before April 1st of each year, the Chairman, with the consent of the Board of Directors shall appoint a nominating committee consisting of at least two members who are not Directors or officers to provide nominations for director(s), Secretary and Treasurer for the coming year. Additional nominations may be made in writing to the Secretary by any two members up to 20 days prior to the May general meeting. Nominations may not be made from the floor at the time of the election. The nominating committee shall submit its slate of candidates to the membership at least 15 days before the May general meeting.

Election of Director(s), Secretary and Treasurer will take place at the regular general meeting held in May of each year. For purposes of this meeting, a quorum will consist of at least fifty percent of the eligible members being present or represented by written proxy filed with the Secretary. In the event that no quorum is present at the meeting, the Secretary shall mail ballots to each member within one week following the meeting and all ballots must be returned within fifteen days thereafter to be counted. The election shall then be decided on the basis of ballots received within 20 days of mailing as counted by the Board of Directors.

Section 4. Term of office

Each director shall serve a two-year term of office. With the exception of Secretary and Treasurer, no individual may serve as director for more than two consecutive terms of office. Terms of office shall commence on June 1 and end on May 31st of the following year. Normally, two (2) directors shall be elected to serve beginning in each odd

numbered year, and three (3) directors shall be elected to serve beginning in each even numbered year.

Section 5. Eligibility

Directors must be an adult member of the immediate family of a qualified voting member of The Association. A maximum of one such family member can be on the Board at the same time.

Section 6. Vacancies

Any vacancies occurring during the year shall be filled by an appointment to be determined by a majority vote of the Board of Directors. All appointments shall terminate on the following May 31st. A permanent replacement shall be elected at the next regular election following the date of appointment to serve the remaining unexpired term of the vacant Directors position.

Section 7. Removal from Office

Any Director may be removed from office upon a majority vote of the other directors by secret ballot administered by the Chairman, and ratified by a majority vote of the members in attendance at any regular meeting or special meeting called for that purpose.

Section 8. Meetings

Meetings of the Board of Directors shall be held as called by the Chairman but not less than twice per year. A quorum of a majority of Directors will be required to conduct business (telephone participation in meetings allowed). The Chairman shall not vote on any motions, except in the event of a tie.

Section 9. Chairman and President

The Chairman and President shall be the chief executive officer of The Association. He shall have all of the general powers and duties, which are usually vested in the office of President of an association.

The Chairman and President shall conduct all meetings of the Board of Directors and of the general membership in accordance with Robert's Rules of Order. He shall be, at all times a member of the Board of Directors, and may not serve more than two (2) consecutive terms. He shall, appoint all committees and chairpersons and be authorized to represent The Association in all matters, which have been approved by the Board. He shall set the dates, times and places of all meetings in accordance with these By-laws and prepare an agenda for each meeting. He shall appoint the Nominating Committee and recommend to the Board candidates for any vacancies that might occur between elections. He shall be responsible for the timely filing of all forms and reports required by governmental agencies and for the prompt referral of any legal matters that affect The Association.

Section 10. Duties of Directors

The Board of Directors shall be the governing body of The Association in accordance with these By-laws and with the covenants and deed restrictions in effect throughout the subdivision. They shall appoint a Chairman and Vice-Chairman from amongst themselves and ratify or reject committee appointments submitted by the Chairman. They shall adopt an annual budget for The Association to include, but not limited to, subdivision roads and water system maintenance and repair, and an annual administrative budget for the expenditures of regular dues. The budget for the following calendar year shall be submitted for approval at the September general meeting.

The Board shall develop, approve and distribute to the memberships appropriate policies and guidelines addressing the wants, needs, appearance, health, safety and general well being of The Association.

Section 11. No member of the Board of Directors shall receive any compensation for serving in said capacity except for the Secretary and Treasurer at the discretion of the Board.

Section 12. Members of The Association shall be entitled to attend all open meetings of the Board of Directors and be heard upon matters under consideration by the Board at such meeting.

Section 13. In the performance of their duties, the members of the Board of Directors shall be deemed to stand in a fiduciary relationship to The Association and the Owners. They shall discharge their duties in good faith and with that diligence and care which ordinarily prudent individuals would exercise under similar circumstances in like positions.

ARTICLE V Officers

Section 1. The principal officers of The Association shall be a President, a Vice-President, a Secretary, and a Treasurer. The chairman of the Board of Directors shall serve as President and the Vice-Chairman of the Board of Directors as Vice-President during their respective terms of office. The Directors may appoint an Assisant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2. The Secretary and Treasurer of The Association shall be elected annually by The Association members at the May Annual Meeting and will also serve as board members (total of 7) during their term of office.

Section 3. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose. Any officer whose removal has been proposed shall be given an opportunity to be heard. Any removal shall be ratified by a majority vote of the members of The Association at a properly called regular, special meeting or by mail vote.

Section 4. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint another member of the board to do so on an interim basis.

Section 5. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of The Association. In addition, he/she shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of Secretary, including the determination of meeting quorums and the mailing of ballots, meeting notices and minutes to members.

Section 6. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to The Association and shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of The Association in such depositories as may from time to time be approved by the Board of Directors. He/she shall pay all bills of The Association, provided that such expenditures have been appropriated in The Association budget. He/she shall render a complete financial report to the Board of Directors at each Directors meeting, and to the membership no less frequently than annually. At such times as the total assets exceed \$10,000.00 the Treasurer may obtain a Fidelity Bond at the expense of The Association in an amount not less than 150% of the value of funds held in his custody. The Treasurer will cause to be filed all necessary tax returns and documents required by any governmental agency in a timely manner. The Treasurer shall be a member of the Budget and Finance Committee.

Section 7. All agreements, contracts, deeds, leases, notices and other instruments to be executed on behalf of The Association shall be executed by the President and one (1) other officer of The Association or by such other person(s), firm(s) or corporation(s), including any management agent, as may be designated by the Board of Directors. Checks drafted by The Association may be executed solely by the Treasurer of the corporation, or by any other individual member of the Board of Directors as determined by the Board of Directors.

Section 8. No officer shall receive any compensation for serving in said capacity except the Secretary and Treasurer at the discretion of the Board.

ARTICLE VI Committees

Section 1. Permanent Committees

The following permanent standing committees shall be maintained by The Association and shall serve to advise the Board of Directors in the conduct of Association business:

1. Legal Committee

Consisting of the Chairman of the Board of Directors as Chairman and two (2) other members of The Association one which is not a member of the Board of Directors. This Committee shall be constituted, as needed, to interview and select legal counsel to represent The Association as may be required and shall also advise the Board on enforcement of covenants.

2. Budget & Finance Committee

Consisting of the Vice-Chairman of the Board of Directors as Chairman, the Treasurer and one (1) additional member of the Board. This Committee shall prepare and submit to the Board of Directors, prior to the September Board Meeting of each year, a proposed budget shall provide for the operating expenses of The Association and establish recommended levels for dues, and assessments to be collected. Furthermore, they shall, meet with the Road and Water System committee and, together, prepare a separate budget for the maintenance of roads and water system within the subdivision and recommend the amount of assessments to be levied. During the year, amendments to the budget may be proposed and approved by the Board for special needs or extraordinary items.

3. Road and Water System Committee

Consisting of two members of the Board of Directors and one member who is not on the Board of Directors. The Committee shall inspect and monitor all roads and water systems within the subdivision, obtain bids and estimates for repairs and maintenance, determine traffic regulations, and consult, when necessary, with engineering and traffic experts. They shall advise the Board of Directors on all matters concerning roads and water systems within The Subdivision Jurisdiction property and, in conference with the Budget & Finance Committee, shall prepare budgets for road and water system maintenance.

4. Architectural Review Committee

The Architectural Review Committee shall consist of one member of the Board of Directors, one representative of the Section known as The Cove at Cross Creek and one member at large. This committee shall serve as a review board for new construction and alterations to existing construction to assure compliance with the Architectural Covenants and the Specifications of The Association. Its decisions shall be subject to appeal only to the Board of Directors of The Association and requires a majority vote of the total board. Modifications and changes to the Architectural Covenants and Specifications of The Association requires a super majority vote of the Board (5 out of 7).

Section 2. Appointment and membership

The Chairman of the Board, with the consent of other Board members, shall appoint all permanent committee members and they shall serve only so long as that Chairman is in office or they otherwise become disqualified, whichever is first. Any other committees deemed necessary shall be ad-hoc committees appointed by the Chairman and automatically terminate at the end of May each year. No Board member may serve on more than two permanent committees.

ARTICLE VII Assessments and Dues

Section 1. Regular Assessments

Assessments shall be levied to provide funds for the maintenance of common areas, roads and rights-of-way and water systems within the subdivision in such amounts recommended by the Board of Directors and approved in the same manner as set forth in Article X of these By-laws for the approval of By-Law amendments. Assessments shall be levied equally against each recorded lot of land within the Subdivision Jurisdiction, except when two continuous lots owned by an Association member have been approved by the Board to be combined for assessment purposes into a single assessment.

Section 2. Collection of Assessments

All unpaid assessments shall bear interest at the rate of eighteen (18%) per annum after thirty (30) days from time the same are due. In addition, delinquent Owners shall be liable for the costs to The Association, including reasonable attorney fees, of collection of such unpaid assessments and any other fees, charges, late charges, fines and interest charged pursuant to these By-laws. Any such assessments, fees, charges, late charges, fines, interest and attorney fees levied against an Owner remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Owner's

parcel of land when filed of record in the Office of the Clerk of Superior Court of Graham County, North Carolina, in the manner provided by Article 8, Chapter 44 of the General Statutes of North Carolina. The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale pursuant to Article 2A of Chapter 45 of said General Statutes.

Section 3. Dues

In addition to assessments for road, right-of-way and water system purposes, dues for membership in The Association will be set by the Board of Directors to defray the operating costs of The Association and incorporated into each proposed annual budget.

Section 4. Collection of Dues

Annual dues, in an amount determined by the Board of Directors in accordance with these By-laws, shall be due and payable on February 1 of each year and become delinquent thirty days thereafter. The Association shall not be required to transfer memberships on its books or to allow the exercise of any of the rights or privileges of membership on account of any lot owner, or to any person claiming under them, until all dues and assessments to which they are subject have been paid. The Association may also pursue any remedy against any owner owing money to it which is available by law or equity for the collection of debt.

Section 5. Special Assessments and Dues

Special assessments or dues for extraordinary purposes may be levied by the Board of Directors only after calling a special membership meeting for the purpose of discussing the proposed levy and obtaining a written affirmative vote of a least 2/3 of those ballots returned.

ARTICLE VIII Obligation of Owners

Section 1. All Owners of parcels of land within the Subdivision Jurisdiction are obligated to pay annual dues, regular street assessments or special assessments imposed by the Association to meet all current expenses of and reserve funds established with reference to the Subdivision Jurisdiction.

Section 2. If any owner is responsible for any damage on any of the Subdivision Jurisdiction road rights-of-way or water system, The Association may direct such owner to repair such damage or The Association may itself cause the repairs to be made and recover the costs thereof from the responsible owner.

ARTICLE IX Liability of Officers & Directors of The Association

Section 1. Liability of Officers and Directors of the Association

The officers and members of the Board of Directors of The Association, designated or elected as provided in these By-laws shall not be liable to the Owners for any mistake of judgment, negligence, omission or otherwise, except for conduct violative of Article IV, Section 13 of these by-laws. The Owners 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 Board of Directors, unless their conduct is doing so is violative of said Article IV, Section 13. 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 Association. It is also intended that the liability of any Owner arising out of any contract made by the officers and Board of Directors or out the aforesaid indemnity in favor of such officers or members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest relates to the whole Subdivision Jurisdiction. In entering into any agreement the officers or members of the Board of Directors, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except any such liability as owners) and any such Owner's liability under such agreement shall be limited to such proportion of the total liability thereunder as his interest relates to the whole Subdivision Jurisdiction.

ARTICLE X Amendments to By-laws

Amendments to these By-laws may be proposed by the Board of Directors or by petition to the Board by any nine or more members of The Association. Proposed amendments shall be circulated in writing to each member and discussed at regular or special meetings at the discretion of the Chairman. If, at the meeting, a majority affirms the proposed amendments, they shall be submitted to the membership within thirty (30) days of the meeting along with a ballot upon which each member may vote for or against. Ballots returned to the Secretary within 30 days of the date upon which they are mailed shall be certified and counted by the Secretary and the Board of Directors and, if they are approved by at least 2/3 of those ballots returned, the proposed amendments shall be adopted. A proposed amendment may not be submitted more often than once in any one calendar year for consideration.

ARTICLE XI Compliance

These By-laws are set forth to comply with the requirements of the General Statutes of North Carolina. In case any of these By-laws conflict with the provisions of said statutes, it is hereby agreed and accepted that the provisions of said statutes will apply.

APPROVED BY A 2/3 (67%) MAJORITY OF THE VOTES CAST BY ELIGIBLE VOTING MEMBERS WHO RETURNED THEIR BALLOTS. THIS THE 5TH DAY OF SEPTEMBER, 2009.