

BY-LAWS

Of

PINNACLE MOUNTAIN PROPERTY OWNERS ASSOCIATION, INC.

A non-profit North Carolina corporation

(Pursuant to the provisions of 55A-2-02, General Statutes of North Carolina)

Effective Date of Incorporation: 4 March 2002

State of Incorporation: **North Carolina**

Fiscal Year End: June 30th

Part One Introduction

1.1 **References to Articles.** Any reference herein made to the Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto as at any given time on file with the North Carolina Secretary of State, together with any and all certificates theretofore filed by the corporation with the North Carolina Secretary of State pursuant to North Carolina law.

1.2 **Seniority of Laws, Articles, By-laws, Policies and Resolutions.** The governing law relevant to the conduct of this corporation shall be the laws of the United States, laws of the State of North Carolina, the Articles of Incorporation of this corporation, the by-laws of this corporation, and the corporate policies and resolutions that are passed from time to time by the members and directors. If there is any inconsistency between these controlling bodies of law, then any inconsistency is to be resolved in favor of the senior body of law and the junior bodies of law are deemed automatically amended. The officers, directors and members of the corporation shall make every effort to generally amend the junior bodies of law whenever necessary so that inconsistencies will be corrected. However, whether or not these inconsistencies are corrected, the senior body of law will still prevail until such correction is made. The priority of the governing bodies of law are as follows: (a) laws of the United States; (b) laws of the State of North Carolina; (c) Articles of incorporation of this corporation; (d) by-laws of this corporation; (e) policies of this corporation; and (f) resolutions passed by this corporation.

1.3 **Policies.** In addition to the Articles, by-laws and resolutions, they may adopt, from time to time, certain "policies." These policies shall be considered as controlling regulations for the conduct of the corporation and shall be permanent until amended. It is contemplated that the by-laws of this corporation shall contain those permanent legal provisions which are required by statute or some legal and parliamentary custom, are not subject to frequent change and are usually prepared upon the legal advice of a lawyer; whereas policies are adopted by the management of the corporation to conduct the non-legal affairs of the corporation and will not require the presence or concurrence of a lawyer or other professional adviser. Whenever it is apparent to any member, director, officer or adviser that any of the policies are inconsistent with the laws of the United States, laws of the State of North Carolina, Articles of this corporation, or by-laws of this corporation, they shall forthwith be amended.

1.4 **Policy Notebook.** An up-to-date copy of all policies which have been adopted by the board of directors shall be kept by the President, and no policy shall be deemed in effect until it has been placed in the policy notebook of the corporation with the signature of the president on the policy and the initials of the president on each page of the policy. The purpose of this signing and initialing requirement is to eliminate any doubt as to which policies are in effect and which policies are not. The effective date of each policy shall be designated at the end of the text of each policy when it has been adopted and should a page of the policy be amended from time to time, the corporation shall place the effective date of the change on that replacement page, indicating the date of the amended page, that it is an amendment, and the signature of the president. Should any person of the corporation desire to ascertain the then existing policies of the corporation, he may contact the president and make copies of the duly signed and initialed policies of the corporation.

Part Two

Membership

2.1 **Membership.** A member of this corporation shall be those person(s) who are property owners within the Pinnacle Mountain Development's 2 through 5 or other persons whom the board of directors unanimously elect as additional members.

2.2 Member Status.

- a) **Active.** An active member is a property owner who is current on his/her dues, assessment including any late penalties and who is not in violation of any of the association by-laws, covenants, and and/or regulations.
- b) **Non-Active.** Non-active members shall not be allowed to vote or participate in any Corporation activity.

2.3 **Membership Records.** A membership register shall be kept by the secretary, in which shall be accurately recorded at the beginning date of membership, and the name and post office address of each member.

2.4 **Transfer of Membership.** Membership in this corporation is not transferable or assignable.

2.5 **Record Date.** The board of directors may close the membership books in their discretion for a period not exceeding 40 days preceding any meeting, annual or special, of the members.

2.6 **Election of Honorary Members.** Honorary members shall be elected by the Board of Directors. An affirmative unanimous vote of the directors shall be required for election.

2.7 **Voting Rights.** Active members shall be entitled to vote at any members' meeting for the election of directors and for other matters that have a permanent or long-lasting effect on the operation of the corporation. Multiple active members of an owned lot shall be entitled to only one joint vote for that owned lot.

2.8 **Termination of Active Status.** The board of directors, by an affirmative vote of two-thirds of all the members of the board, may suspend active membership for cause after an appropriate hearing. The active status of a member will be recorded in the membership register.

Part Three

Members Meeting

3.1 **Regular and Special Meetings: Place of Meetings.** The annual meetings shall be the only regular meetings of the members. Special meetings of the members may be held when called as hereinafter provided. Any members' meetings may be held within or without the State of North Carolina but shall always be held at the time and place fixed in the call for such meeting or in any resolution adjourning the same. If no other place is designated in the resolution adjourning such meeting, the adjourned meeting shall be held at the place designated in the call for the meeting.

3.1.(a) Any member's meeting, either special meeting or Annual meeting, maybe conducted by tele-conference or "virtual" meeting using the internet.

3.2 **Annual Meeting.** The annual meeting of the members for the election of directors shall be held on a date in the week that falls within two months from the end of the corporation's fiscal year. If, for any reason, such meeting shall not be held, or a board of directors shall not be elected at such meeting or at an adjournment thereof, a board of directors may be elected at a special meeting to be called by the board of directors then in office or upon their order.

3.3 **Special Meetings.** Special meetings of the active members, for any purpose or purposes other than the election of directors as herein above provided, may be held at the call of the president of the corporation or the board of directors, and shall be called by the president at the request of the holders of one-tenth of all the active members of the corporation entitled to vote at the meeting.

3.4 **Quorum.** A quorum at the general meeting shall consist of active voting members present or being represented by proxy numbering not less than 20%.

3.5 **Notice.** Notice of all members' meetings shall be in writing, signed by an officer of the corporation. A copy of such notice shall be sent by mail not less than 30 calendar days prior to the date of the meeting, unless a longer period is required by law, to each member of record entitled to notice of such meeting, at the registered post office address of such member as it appears on the records of the corporation. Such notice shall state the time and place of the meeting and the purpose for which it is called, so far as is known at the date of the notice, and if the call were for an annual meeting, the notice shall so state. Such notice shall be sufficient for such meeting and any adjournment thereof.

3.6 **Proxies.** Any member of this corporation entitled to vote at any meeting may be represented and vote at such meeting by a proxy appointed by an instrument in writing signed by him or by his duly authorized agent or attorney-in-fact. In the event such instrument shall designate two or more persons to act as proxy, a majority of such persons present in such meeting, or if only one shall be present, then that one, shall have and may exercise all the powers conferred by such instrument upon all the persons so designated, unless such instrument shall otherwise provide.

3.7 **Informalities and Irregularities.** All informalities or irregularities in any call or notice of meeting, or in the areas of credentials, proxies, quorums, voting and similar matters, will be deemed waived if no objection is made at the meeting.

3.8 **Lack of Quorum.** If a sufficient number of voting members constituting a quorum is not present, the presiding officer may adjourn the meeting to a date and hour fixed by the officer, provided he gives reasonable notice in writing or by telephone, internet, personal visit, or other appropriate means of the date and time of the continued meeting.

Part 4

Board of Directors

4.1 **Number and Eligibility.** The Board of Directors shall consist of five (5) members, all of whom must be of lawful age and all of whom must be Active Members of the corporation.

4.2 **Elections.** The directors shall be elected by a valid quorum of the voting members of the corporation at the annual meeting. At the time of the nominations, the members shall be entitled to make oral or written presentations as to the qualifications of a particular nominee for the board of directors.

4.3 **Annual Meeting and Election of Members of the Board.** Immediately after the adjournment of the annual meeting of the members, the board of directors elected thereat shall convene an annual meeting and shall elect a president from among its number, who shall hold office for a period of one year or until his successor has been duly elected and qualified. It shall be the duty of the president to preside at all meetings of the members and board of directors, and to insure compliance with the laws of the state, the Articles of Incorporation, and the by-laws as herein set forth, and to perform such duties as may be delegated to him/her and prescribed by the board of directors.

4.4 **Election of Officers.** At the annual meeting of the board of directors, the board shall elect the officers of the corporation as follows: a president, a vice president, a secretary, a treasurer, and such other officers with such titles and with such powers and duties as may be deemed necessary by the board of directors. The officers must be active members of the corporation.

4.5 **Special Meetings.** Special meetings of the board of directors may be held from time to time upon call issued by the president, a majority of the directors, or two-thirds of the members of the corporation. Such meetings may be held either within or without the State of North Carolina and may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meetings.

Notice of special meetings of the board shall be signed by the person or persons calling the same as aforesaid, or by someone designated and so authorized and instructed by the person or persons calling the same, and shall be sent by mail to each director at his post office address of record with the corporation not less than five calendar days and not more than 20 calendar days prior to the date of the meeting. Such notice shall state the time and place of the meeting and the purposes for which it was called.

Attendance of 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 or convened.

4.6 **Quorum and Waiver of Notice.** A majority of the members of the board at the time holding office shall constitute a quorum for the transaction of business. No special meeting of the board shall be valid unless notice of the meeting has been mailed to each member of the board as provided in paragraph 4.5 above, or the giving of such notice shall have been waived in writing.

4.7 **Voting.** Each director present shall be entitled to one vote at each directors' meeting. 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.

4.8 **Presumption of Assent.** A director of the corporation who is present at a meeting of the board of directors or of any committee, at which action is taken on any corporate matter, will be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting, or unless he filed his written dissent of such action with the person acting as secretary of the meeting before the adjournment of the meeting, or forwards his dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent will not be available to a director who voted in favor of the action.

4.9 **Filling Vacancies.** Any vacancy in the board of directors or in the officers of the corporation caused by the death, resignation, removal or other disqualification of a director or an officer may be filled by a majority vote of the remaining directors, even though not constituting a quorum, by the election of some other person who shall hold such office of director or officer by like tenure for the unexpired term. However, prior to such action by the board, the members shall have the right, at any special meeting called for that purpose, to fill any vacancy occurring in the board.

The members, by a vote of two-thirds of the voting power of all members at any special meeting called for the purpose, may remove from office anyone or more of the directors, notwithstanding his or their term of office as yet unexpired, and may forthwith at such meeting proceed to elect a successor or successors for the unexpired term.

4.10 **Tenure.** The directors shall hold office from the time of their election until the next annual election of directors, as provided by these by-laws, or until their successors are duly elected and qualified. Any member of the board of directors who absents himself from three consecutive meetings of the board may have his office declared vacant by a majority of the directors' present at any subsequent meeting.

4.11 **Compensation for Non-Profit Corporate Directors.** Neither the officers, directors nor members serving on committees shall receive any salary or compensation for services rendered to the corporation, unless there is approval of the compensation by both the attorney and the CPA (or equivalent) of the corporation, certifying in writing that the compensation is reasonable and compatible with the restrictions imposed upon a non-profit, charitable, tax-exempt corporation, and unless there is also approval of the compensation by a majority of the Board of Directors in attendance at duly held meeting, with a person seeking compensation abstaining from voting on the matter.

4.12 **Powers.** The business of this corporation shall be conducted by the board of directors, and the board shall have the right to prescribe the duties and powers of all officers.

4.13 **Action by Resolution.** The board of directors shall, except as otherwise herein provided By-law, have power to act in the following manner: A resolution in writing, signed by all the members of the board of directors shall be deemed to be action by such board to the effect therein expressed, with the same force and effect as if the same had been duly passed by the same vote at a duly convened meeting, and it shall be the duty of the secretary of the corporation to record such resolution in the minute book of the corporation under its proper date.

4.14 **Lack of Quorum.** If a sufficient number of directors constituting a quorum is not present, the president so presiding may adjourn the meeting to a date and hour fixed by the president, provided he gives reasonable notice in writing, by telephone, telegram, personal visit, or other appropriate means of the date and time of the continued meeting.

4.15 **Informalities and Irregularities.** All informalities or irregularities in any call or notice of a meeting, or in the areas of credentials, quorums, voting and similar matters, will be deemed waived if no objection is made at the meeting.

4.16 **Quarterly Board Meeting.** The board of directors may elect to have regular quarterly meetings so as to better conduct the general day to day business of the corporation. Such meetings shall generally be held in the months of September/October, January/February, and April/May. The actual date of any such meeting shall be set by the president upon the approval of 2/3 majority of then current board members. Any and all business of the corporation may be discussed and/or voted on at either the annual board meeting or any quarterly board meeting. Formal notice of any quarterly board meeting should be sent by the president to all board member not less than (10) days prior to such meeting date.

4.17 **Special Committees.** The board of directors may also, from time to time, appoint any other special committees deemed by it expedient, and refer to such special committees any special matters with instructions and/or powers to act. All such special committees shall keep regular minutes of the transaction of their meetings and make such minutes available to the board of directors at the next meeting thereof following the proceedings of the special committee.

Part Five

Officers, Powers and Duties

5.1 **Officers.** The officers of this corporation shall consist of a president, a vice president, a secretary, a treasurer, and such other officers with such titles, powers and duties as may be prescribed by the board of directors.

5.2 **Tenure.** All officers shall hold office from the time of their election until the next annual election of officers or until their respective successors are elected and qualified, provided, however, any officer may be removed from office by a majority vote of the directors at any legally held meeting of the board.

5.3 **Bonds and Other Requirements.** The board of directors may require any officer to give bond to the corporation (with sufficient surety and conditioned for the faithful performance of the duties of his office) and to comply with such other conditions as may from time to time be required of him by the board.

5.4 **Removal of Officers.** If the majority of the board concurs, the board of directors may at any time, with or without cause, remove any officer or agent of the corporation and declare his office or offices vacant or, in the case of the absence or disability of any officer or for any other reason considered sufficient, the board may temporarily delegate his powers and duties to any other officer or to any director.

5.5 **President.** The president shall preside at all meetings of the members and board of directors. The president, along with other authorized officers, shall sign for and on behalf of the corporation, or in its name, all certificates of membership, deeds, mortgages, contracts and other instruments in writing, except that contracts may be signed with like effect by any other officer or employee of the corporation specified in these by-laws or designated by the board of directors. While actively engaged in conducting the business of the corporation, he shall be charged with all the duties and have all the authority customarily performed and exercised by the chief executive of a corporation organized under the laws of North Carolina and shall perform such other duties as may be prescribed by the board.

5.7 **Vice President.** The vice president shall have and may exercise such powers and shall perform such duties as may be delegated to him by the board of directors or the president of the corporation. The vice president shall, in the event of the death, absence, or other disability of the president, perform all the duties and exercise all the authority of the president.

5.8 **Secretary.** It shall be the duty of the secretary to record and keep the minutes of all meetings of the members, and the board of directors. At the discretion of the board, he shall give bond made by a duly authorized surety company in such sum as may be required of him by the board, conditioned for the proper accounting of all moneys and property coming into his hands by this office. The premium on such bond shall be paid by the corporation. He shall fill keep the membership records of the corporation so as to show the members and the type of membership. He shall keep the seal of the corporation and affix and attest the same upon any instrument executed by the corporation requiring a seal, except as otherwise ordered by the board of directors. At the expiration of his term, from whatever cause, he shall surrender all books, moneys, papers and property of the corporation to his successor.

5.9 **Treasurer.** The treasurer shall be the custodian of all moneys belonging to the corporation and shall hold all funds of the corporation subject to the order of the board of directors or persons thereunto authorized by the board of directors. He shall deposit the funds of the corporation with such bank or banks as the board of directors may approve and designate. At each annual meeting of the members, and at each annual meeting of the directors, and whenever called upon at any other directors' meeting, he shall make a complete and correct report of his accounts and disclose the true financial condition of the corporation. He shall submit his books and accounts for audit when so requested by the board of directors. At the expiration of his term of office, from whatever cause, he shall deliver up all books, papers and moneys of the corporation to his successor.

5.10 **Other Officers.** If an assistant secretary be elected by the board of directors, he shall have and may exercise the same powers and perform the same duties as the secretary; and if an assistant treasurer be elected by the board, he shall have and may exercise the same powers and perform the same duties as the treasurer. Such assistant secretary, assistant treasurer, and any and all other officers elected by the board, shall have and may exercise such powers and perform such duties as may be assigned to them by the board.

5.11 **Compensation for Non-Profit Corporate Officers.** The officers shall not receive any salary or compensation for services rendered to the corporation, unless there is approval of the compensation by both the attorney and the CPA (or equivalent) of the corporation, certifying in writing that the compensation is reasonable and compatible with the restrictions imposed upon a non-profit, charitable, tax-exempt corporation, and unless there is also approval of the compensation by a majority of the board of directors in attendance at a duly held meeting, with a person seeking compensation abstaining from voting on the matter.

5.12 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

5.13 **Trustees.** The board of directors may, in its discretion, elect one or more trustees for the purpose of transferring to those trustees either money or property belonging to the corporation for the purpose of investing, safeguarding, or otherwise protecting those funds or property for a period of years designated in the trust documents. The purpose of this provision is to allow the corporation, in cases where officers rotate from year to year, to maintain long-range stability in investments and in the maintenance of property, that might not otherwise provide for where the officers fluctuate from year to year. Further, it is contemplated that the trustees shall be highly qualified specialists in investments, property management, or other fields akin to the purpose of the trust, in order to have high quality of performance over a long-range period. The trustees, once established, shall serve for the tenure of the trust and their replacement trustees may be either selected by the remaining trustees, or if there are none, designated by the board of directors' investments and in the maintenance of property, that might not otherwise provide for where the officers fluctuate from year to year. Further, it is contemplated that the trustees shall be highly qualified specialists in investments, property management, or other fields akin to the purpose of the trust, in order to have high quality of performance over a long-range period. The trustees, once established, shall serve for the tenure of the trust and their replacement trustees may be either selected by the remaining trustees, or if there are none, designated by the board of directors

5.14 **Bonding.** At the discretion of the board, any director shall give bond, made by a duly authorized surety company, in such sum as may be required of him by the board, conditioned for the proper accounting of all moneys and property coming into his hands by virtue of his office. The premium on such bond shall be paid by the corporation.

5.15 **Documents.** Any director leaving the board must deliver all corporate documents in his/her possession to a remaining board member within seven (7) days of his/her departure.

Part Six

Corporate Seal

6.1 **Description.** The corporation shall have a corporate seal in the form of two circular conforming metal discs bearing the imprint and inscription of the name of the corporation with, in the center, the words "Corporate Seal, North Carolina" and the year of incorporation.

6.2 **Use.** The corporate seal shall be impressed upon all instruments executed by the corporation upon which a seal is required by law.

6.3 **Authorization.** In the absence of the secretary or assistant secretary, any officer authorized by the board of directors to do so may affix the seal of the corporation to any instrument requiring a seal.

Part Seven

Contracts, Deposits and Withdrawals of Corporate Funds

7.1 **General.** All moneys of every kind belonging to the corporation shall be deposited to its credit in a bank or banks designated by the board of directors, and no moneys shall be withdrawn therefrom unless the checks or other orders evidencing such withdrawals are signed by such officers or employees of the corporation as may be designated by resolution of the board of directors duly adopted.

7.1.(a) Any single expenditure that exceeds \$8,000 of that year's annual receivables shall require a minimum of three competitive bids.

7.2 **Contracts.** The board of directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these by-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. In the absence of such determination by the board of directors, contracts must be signed by the president and secretary of the corporation and initialed by an attorney licensed in the state where the contract is executed.

7.3 **Checks. Drafts. Etc.** All checks, drafts, orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors. In the absence of such determination by the board of directors, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice president of the corporation.

7.4 **Deposits.** All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

7.5 **Gifts.** The board of directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

7.6 **Loans to Corporation.** Should any of the members be asked to lend money to the corporation in the form of either promissory notes or bonds, these loans shall be executed in writing in the usual form for promissory notes or bonds and shall bear the maximum rate of interest which the law permits an individual to pay for money that the corporation may borrow. This provision applies to all tenders of money or assets which a member may transfer to the corporation with the intent that it be treated as a loan.

Part Eight

Amendments

8.1 **Vote and Meeting Required for Amendments.** These By-Laws may be amended or repealed, in whole or part, by either the board of directors or the general membership, at any regular or special meeting of the board of directors or the members, as the case maybe, only upon the affirmative vote of two thirds (2/3) of the directors or the general membership present at such meeting, provided however, in all such cases, thirty (30) day advance written notice of the text of such proposed amendment or repeal shall be provided to the board of directors (if the proposed action is to be taken at a board meeting) or to all members (if the proposed action is to be taken at a meeting of the general membership).

Part Nine

Fiscal Year

9.1 **Fiscal Year.** The fiscal year of the corporation begins July 1st and ends June 30th.

Part Ten

Miscellaneous

10.1 **Exempt Activities.** Notwithstanding any other provision of these by-laws, no member, trustee, officer, employee, or representative of this corporation shall take any action or carry on any activity by or on behalf of the corporation not permitted to be taken or carried on by an organization exempt under §501 (c)(3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended, or by an organization, contributions to which are deductible under §170(c)(2) of such Code and Regulations as they now exist or as they may hereafter be amended.

10.2 **Parliamentary Law.** When not in conflict with these by-laws, Robert's Rules of Order, Revised, 75th Anniversary Edition shall establish the rule of procedure at all members and directors' meetings, and the provisions of that publication are incorporated by reference herein as the ruling law for this corporation.

10.3 **Power to Vote Stock Held by the Corporation.** In the event that this corporation owns stock of another corporation, the president of this corporation shall be authorized to vote that stock on behalf of this corporation. A certified copy of this by-law shall be prepared to accompany the president at any stockholders' meeting which he attends for purposes of voting stock on behalf of this corporation, or a certified copy of this by-law should be attached to any proxy which the president may execute for the purpose of permitting another person to act as his proxy to vote the stock of another corporation.

10.4 **Corporate Minute Books and Membership Records.** The minute books of this corporation shall be prepared in triplicate, with the original placed in the office of the corporate attorney, a duplicate in the principal office of the corporation, and a second duplicate in the office of the CPA or accountant of the corporation. Whenever any minutes, reports or other corporate documents are prepared, they shall be prepared in at least three copies, with one copy executed and placed in the

original minute book and two conformed copies placed in the respective duplicate minute books. Both the president and the attorney shall have at all times a legal-size file which shall contain originals or copies of all legal documents which do not readily fit in the corporate minute book and which have any effect upon the legal rights and duties of the corporation. The attorney for the corporation shall have in his possession at all times a duplicate corporate seal, the blank copies of corporate membership certificates, and the membership records, in addition to the original copy of the minute book and a legal file of the corporation, which shall be available to the members of the corporation at all times.

10.6 **Settlement of Disputes.** Any dispute arising out of or in connection with these by-laws, including disputes between or among the corporation, the incorporators, the members, and the directors shall be settled by the negotiation, mediation and arbitration provisions of that certain "Uniform Agreement Establishing Procedures for Settling Disputes" entered into by the parties prior to or concurrently with the adoption of these by-laws.

10.7 **Interpretation.** Deleted 10-17-15

10.8 **Non-Liability of Members. Officers and Directors.** The members, officers and directors of this corporation shall not be individually liable for the corporation debts or other liabilities, and private property of such individuals shall be exempt from corporation debts or liabilities.

10.9 **Indemnification of Officers.** The corporation shall indemnify every person, his heirs, executors and administrators, against all expenses reasonably incurred by such person in connection with any action, suit or proceeding to which such person may be made a party by reason of that person being or having been a director or officer of this corporation, or by reason of that person being or having been a director or officer of any other corporation of which this corporation is a shareholder or creditor, and from which other corporation such person is not entitled to be indemnified, or by reason of such officer or director or former officer or former director becoming a party to any such action, suit or proceeding at the request of or at the direction of this corporation or any successor hereto; provided, however, there shall be no indemnification in relation to any matter as to which such person shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct. In the event of a settlement of such action, suit or proceeding, indemnification of such person shall be provided only in connection with such matters covered by such settlements to which the corporation is advised by counsel that such person to be indemnified did not commit such a breach of duty. This right of indemnification shall be exclusive of other rights to which such person may be entitled. As used in this by-law, expenses shall include, but shall not be limited to, amounts of judgments, penalties or fines and interest thereon for reasonable periods of time, rendered, levied or adjudged against such persons, costs of the action, suit or proceeding, attorneys' fees, expert witness fees and amounts paid in settlement by such persons, provided that such settlement shall have been or is thereafter approved by the board of directors of this corporation. This by-law is made a part of these by-laws to comply with and to take full advantage of North Carolina laws governing such indemnification.

10.11 **Authority to Sell Corporate Assets.** With the consent or ratification in writing or pursuant to the vote of a majority of members entitled to vote thereon, the board of directors will have the powers

and authority to lease, sell, assign, transfer, convey or otherwise dispose of the entire property of the corporation, irrespective of the effects thereof upon the continuance of the purposes of the corporation and the exercise of its franchise; but the corporation may not be dissolved except as provided by the laws of the State of North Carolina.

Part Eleven
Rules Enforcement

11.1 Enforcement. The Declaration of Covenants and Restrictions (original recorded in the Rutherford County Courthouse in Book 690, page 387 et.seq), as amended (herein “Declaration”), shall run with the land and in accordance with the terms thereof and together with these By-Laws and any related rules and regulations that may be adopted shall inure to the benefit of and be enforceable by the Pinnacle Mountain Property Association, Inc., and/or by the record title holder of any lot subject to the Declaration, their respective legal representatives, heirs, successors and assigns.

Certification

We, the undersigned, the duly elected and acting Directors of PINNACLE MOUNTAIN PROPERTY OWNERS ASSOCIATION, INC., a non-profit North Carolina corporation, do hereby certify that the within and foregoing by-laws were adopted as the by-laws of that corporation on, and that the same do now constitute the by-laws of that corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the seal of the corporation this date: March 14th 2020

<u>original signed by Fred Mansperger</u>	<u>original signed by Samuel Fink</u>
<u>original signed by Robert Frick</u>	_____
<u>original signed by Todd Westover</u>	_____
<u>original signed by Riley Ethington</u>	_____