

BYLAWS OF  
LINE RUNNER RIDGE MAINTENANCE CORPORATION, INC.  
(A NORTH CAROLINA NON-PROFIT CORPORATION)

ARTICLE I

DEFINITIONS

The following terms as used in these Bylaws are defined as follows:

(a) "Board" means the Board of Directors of Line Runner Ridge Maintenance Corporation, Inc.

(b) "Bylaws" means the Bylaws of the Association.

(c) "Common Area" means all of the real property designated as such; all real property which may be later annexed to the Development as Common Area; and, all real property acquired by the Association, together in each instance with all improvements which may at any time be constructed thereon, including, but not limited to, recreational and community facilities, lakes, parks, and streets.

(d) "Association" means the Line Runner Ridge Maintenance Corporation, Inc., a North Carolina Non-profit Corporation.

(e) "Restrictive Covenants" means the Restrictive Covenants and Road Maintenance Agreement for Line Runner Ridge Properties, dated the 16th day of May, 1980, as the same may be supplemented or amended from time to time.

ARTICLE II

ASSOCIATION MEMBERSHIP

Section 1. Classes of Members. There shall be one class of members.

Section 2. Members. Each Owner shall by reason of ownership, become a member of the Association. There shall be one voting member for each deeded parcel regardless of the number of persons who may have an ownership interest in such deeded parcel, or the manner in which title is held by them.

Section 3. Privileges of Members. The usage of Association Common Areas and right-of-ways shall be guaranteed to each member deeded such privileges, or assured

of such privileges through the Restrictive Covenants entered into by said member, as long as those Common Areas and right-of-ways still exist, or remain maintained, as determined by the Board of Directors.

Section 4. Suspension of Privileges of Membership. The Board may suspend the voting privilege of any member and license of any member to use the Common Areas for:

- (a) Any period during which any Association charge on such members parcel remains unpaid.
- (b) The period of any continuing violation by such member of the provisions of the Restrictive Covenants after the existence thereof shall have been declared by the Board of Directors.
- (c) A period to be determined by the Board of Directors for repeated violations of the Bylaws or the rules and regulations of the Association. This suspension must be acted on by the Board of Directors with the suspended party being notified by mail.

### ARTICLE III

#### EVIDENCE OF MEMBERSHIP AND TRANSFER

Section 1. Membership Certificates. Certificates of membership in the Association may be issued to members and associate members. Such certificates shall be in such form as the Board shall from time to time designate and shall be issued over the signature of the president or other officer of the Association. Such certificate shall indicate whether or not the holder is a member or an associate member and shall also indicate the Lot, the Ownership of which gives rise to membership. Such certificate shall also clearly state on its face that the Association is a non profit Corporation. Adequate records shall be maintained by the Association showing the names of the members and associate members of the Association, the type of membership and the date of membership.

Section 2. Transfer. When a member ceases to be an Owner, such person's membership, and those associate memberships existing through relationships in such person, shall cease, but such person shall remain liable for all Association charges incurred prior to the giving of written notice to the Association that such person no longer is an Owner.

#### ARTICLE IV

##### MEETINGS OF MEMBERS

Section 1. Place of Meetings. Any meeting of the members of the Association shall be held in Transylvania County, of the State of North Carolina at such place therein as may be stated in the notice of such meeting.

Section 2. The Annual Meeting. The annual meeting of the Association shall be held during the month of June, starting in 1983, at a time, date, and place determined by the Board of Directors.

Section 3. Substitute Annual Meeting. If the annual meeting is not held during the month designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings of the Association. Special meetings of the Association may be called by the Board of Directors at any time in the manner herein provided. A special meeting may also be called upon the written petition of fifty (50) percent of the members of the Association who would have the right to vote at such meeting. Such petition shall set forth the purpose of the special meeting.

Section 5. Notice of Meetings of the Association. Written notice of the place, date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not



less than ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States Mail, addressed to the member at his address as it appears on the records of the Association, with postage prepaid; or such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among members of the Association. At a special meeting, no business shall be conducted except that stated in the notice of said meeting.

Section 6. Voting. The one voting member for each deeded parcel shall have one vote to cast per question. The total number of votes possible shall equal the total number of deeded parcels of land.

Section 7. Quorum. At an annual meeting, substitute annual meeting, or special meeting, the number of votes represented either in person or by proxy, shall constitute a quorum for the purposes of the meeting.

#### ARTICLE V

##### THE DIRECTORS

Section 1. Powers. The Board of Directors shall:

- (a) Manage and control the business and affairs of the Association.
- (b) Adopt a corporate seal as the seal of the Association.
- (c) Designate a banking institution or institutions, as depository for the Association's funds and the officer or officers authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.
- (d) Perform other acts the authority for which has been granted herein or by law, including the borrowing of money for Association purposes. A resolution by the Board that the interests of the Association require the borrowing of money shall be sufficient evidence for any person that the borrowing is for a proper corporate purpose. The Board may, if it determines that the same shall be

reasonably necessary, assign, pledge, mortgage, or encumber any Association property as security for such borrowings, and they may pledge or assign future revenues of the Association as security therefore.

(e) Adopt such rules and regulations relating to the use of Common Areas and/or Association property, and sanctions for non-compliance therewith, as it may deem reasonably necessary for the best interest of the Association and its members. The Board may also establish and levy reasonable fees for the issuance of permits for erecting or placing improvements on any lot, and also for the use of Association property.

(f) Cause the Association to employ sufficient personnel to adequately perform the responsibilities of the Association.

(g) Adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference thereto, on procedural questions upon which no rules have been adopted, the ruling of the chairman of the meeting shall be final.

(h) Select the Officers of the Association. It may establish committees of the Association and appoint the members thereof. It may assign to such committees such responsibilities and duties not inconsistent with the provisions of these Bylaws or with law as it may deem appropriate.

(i) In order to facilitate the business of the Association and to further the interests of the members of the Association, the Board may enter into agreements with the Developer or any member, relating to the orderly transfer of properties from the Developer, to the Association. Such agreements may contain such provisions as the Directors may, in their judgment, feel are appropriate, and in the best interests of the Association and its members; however, the existence of such agreements and provisions and terms thereof shall be made known to the general membership in such manner as may be deemed appropriate by the Board.

(j) The Board shall annually adopt an operating budget to be presented to the members. The Board shall, taking into consideration other sources of income that the Association may have, levy the bi-annual assessments for each parcel for the following year. In no event, however, shall such total annual assessment be less than fifty dollars (\$50.00) per year. No assessments shall be levied against parcels owned by the Association.

(k) During the course of any fiscal year, the Board may levy supplemental assessments in the appropriate category of assessments if revenue attributable to any assessment shall be less than the actual costs incurred therefore by the Association, or if the Association shall incur any cost or expenses not foreseen in the budget. Payment of these supplemental assessments shall be as prescribed by the Board.

(l) Assessments shall be paid to the Association for the purposes expressed in, and pursuant to, Section I, Part I of the Restrictive Covenants.

(m) The Board shall be empowered to enforce the collection of all assessments pursuant to Section I, Part I of the Restrictive Covenants. The Board may direct the secretary, agents, and attorneys of the Association to pursue in the Association's name those remedies available to it.

(n) The Board may direct the establishment of separate bank accounts, as it may deem desirable to segregate operating revenue receipts from capital contributions and for funds received for repairs or maintenance services for the Development which shall be incurred in future fiscal years.

(o) An initiation fee of \$20.00 per member shall be assessed to each owner immediately upon his acquiring ownership of a lot, or of a subdivided portion of a lot. This initiation fee shall apply only to new members acquired by sale or transfer of property, entered into after adoption of these Bylaws by the Board of Directors.



(p) The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and the authority may be general or confined to specific instances.

(q) All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the treasurer of the Association and in a manner as shall from time to time be determined by resolution of the Board.

(r) All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in depositories selected by the Board.

Section 2. Number of Directors. The number of Directors shall be three. The Board of Directors may not compensate directors for their services as directors.

Section 3. Term of Office. In the election of March 17, 1982, three directors were elected with terms of one, two, and three years respectively. This was done to have staggering terms of service. In subsequent yearly elections ( to be held in the June annual meeting), all directors will be elected to serve for three years. If, during a term in office, a director shall cease to function, the Board shall have the right to appoint a replacement to serve the remainder of the unexpired term left until the next annual meeting, at which time the general membership will elect a replacement. Any vacancy in the Board may be temporarily filled until the next annual meeting by the affirmative vote of the majority of the remaining directors, or by the sole remaining director.

Section 4. Qualifications of Directors. A director shall be a member in good standing. If he ceases to be a member, he shall immediately cease being a director.

Section 5. Election of the Directors.

(a) By the annual meeting of each year, the membership shall be notified of the need to elect members to the Board of Directors. Any member has the right to vote for the candidate of his/her choice, either by proxy, in person, or by absentee ballot. at the annual meeting directors will be elected from the field of possible candidate members (in good standing). Those persons receiving the highest number of vote on the first ballot shall be deemed to have been elected. In case of a tie vote, a run-off vote listing only the tied candidates will immediately be undertaken, with the person receiving the most votes being declared the winnter.

(b) Absentee ballots will be accepted and counted during the election of or removal of Directors. The ballot must be returned to the Association and received by the secretary, before the date of the annual meeting, in order to be valid.

Section 6. Removal. Any director may be removed at any time with, or without cause, by a vote of the members holding a majority of the quorum at an annual meeting, substitute annual meeting, or special meeting of the Association.

Section 7. Proxies. Every member entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association.

Section 8. Meetings of the Board of Directors. Meetings of the Board shall be held at such place and time, within Transylvania County in the State of North Carolina as the Board shall from time to time determine. Special meetings of the Board may be called by a majority of the Board and shall be held at such place as the call or notice of the meeting shall designate. Notice of a special meeting may be given in writing, or orally, at least twenty-four (24) house prior to the date of said special meeting



Section 9. 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 is taken.

Section 10. Quorum. A majority of the Directors shall constitute a quorum to transact business for the Board and the act of the majority of the directors present at any meeting shall be deemed to be the act of the Board.

Section 11. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting. The right to dissent shall not apply to a director who voted in favor of the action.

Section 12. Chairman of Board. There may be a chairman of the Board elected by the directors from their number at any meeting of the Board. The chairman shall preside at all meeting of the Board of Directors and perform such other duties as may be directed by the Board.

Section 13. Fiscal Year. The fiscal year of the Association shall be fixed by the Board of Directors.

Section 14. Year-End Audit. The Board shall direct the treasurer to have an annual fiscal year-end audit done by some qualified outside certified public accountant, selected by the Board.

#### ARTICLE VI

##### THE OFFICERS

Section 1. Officers. The officers of the Association may be the President, one or more Vice Presidents, the Secretary, the Treasurer and such other officers and assistant officers as the Board may from time to time elect. Officers shall

serve at the will of the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. Officers must be members in good standing, and (will serve without compensation.)

Section 2. President. The President shall be the general managerial officer of the Association, and he shall be vested with the powers and duties generally incident to the office of President of a non-profit corporation, , except as otherwise determined by the Board, or as may be otherwise set forth in these Bylaws. He need not be a Director.

Section 3. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President is empowered to act and shall thereupon be vested with the powers and duties of the President. In the event that there are more than one Vice President, the Board shall establish the order in which they serve.

Section 4. Secretary. The Secretary of the Association shall keep the minutes of the business and other matters transacted at the meetings of the members and of the Board. He shall mail, or cause to be mailed, all notices required under the Bylaws. He shall have the custody of the corporate seal and records and maintain a list of the members and their addresses and perform all other duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall have custody of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer. The Board may require that the Treasurer be bonded for such amount and under such conditions as the Board may require.

Section 6. Removal of Officers. Any officer may be removed when, in the judgment of the Board, the best interests of the Association will be served by such removal.

Section 7. Bonds. The Board of Directors may by resolution require any officer, agent, or employee of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with other conditions as may from time to time be required by the Board.

#### ARTICLE VII

##### INDEMNIFICATION

Section 1. Any person who at any time serves or has served as a director, officer, employee or agent of the Association, shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the members of the Association.

Any person who at any time after adoption of these Bylaws serves or has served in any of the aforesaid capacities for or on behalf of the Association



shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of these Bylaws.

## ARTICLE VIII

### DUTIES OF MEMBERS

Section 1. Payment of Assessments. The charges or assessments levied by the Association as provided in Section I, Part I of the Restrictive Covenants, shall be paid to the Association on or before the date fixed by those Restrictive Covenants. Written notice of the charge and the date of payment shall be sent to each Owner at the address given by the Owner to the Association.

Section 2. Collection and Lien. The amount of the assessment levied by the Association shall be paid to it on or before the end of the time period fixed by the Restrictive Covenants. If not so paid, the amount of such assessment, plus any other charges thereon, including interest at the prime rate, from the date of delinquency, and costs of collection, including attorneys' fees, if any, shall constitute and become a lien on the parcel so assessed when the Board causes to be recorded in the office of the appropriate County Recorder of Deeds, a notice of assessment which shall state the amount of such assessments and such other charges and a description of the parcel which has been assessed. Such notice shall be signed by the Secretary of the Association on behalf of the Association. Upon payment of said assessment and charges, or other satisfaction thereof, the Board shall, within a reasonable time, cause to be recorded a further notice stating the satisfaction and the release of said lien.

Section 3. Priority of Lien. Conveyance of any parcel shall not affect any lien for assessments provided herein. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment.

Section 4. Enforcement. The Lien provided for herein may be foreclosed by suit by the Association in like manner as a mortgage and, in such event, the Association may be a bidder at the foreclosure sale. The Association may also pursue any other remedy against any Owner owing money to it which is available to it by law or equity for the collection of debt.

Section 6. Suspension. The Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privilege of membership on account thereof to any owner or to any person claiming under them unless or until all assessments and charges to which they are subject have been paid.

#### ARTICLE IX

##### AMENDMENTS

Section 1. These Bylaws may be amended by a majority of the quorum present at a general meeting.

Section 2. Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board.

The Board shall have no power to adopt a bylaw (1) prescribing quorum or voting requirements for action by members or directors different from those prescribed by law; (2) increasing or decreasing the number of directors; or (3) classifying and staggering the election of directors.

No bylaw adopted or amended by the general membership shall be amended or repealed by the Board, except to the extent that the bylaw expressly authorizes its amendment or repeal by the Board.

Adopted this 14<sup>th</sup> day of NOVEMBER, 1982.

William W. Brewer