

## **Mountainview Estates of Ashe Property Owners Association, Inc.**

### **Explanation of Proposed Bylaw Amendments**

The MVE Board of Directors recommend approval of the following amendments to the Bylaws of Mountainview Estates of Ashe Property Owners Association, Inc. (MVE):

#### **Amendment 1 – Quorum definition change to 10% - Article III, section 5.**

Due to the fact that many MVE property owners are not residents in the neighborhood and others are only resident part of the year, it can be difficult to get enough property owners to attend MVE meetings in person or by proxy to achieve a quorum. Without a quorum, no vote can be taken on any matter, including budget approvals or other association business. The Board recommends changing the definition of a quorum from 25% to 10%. It is important to note that once a quorum is achieved and a vote can be taken, all approvals will still require a majority of all property owners present (in person and by proxy) to pass. For example, if 30% of property owners attend a meeting, a quorum will have been achieved and it will require the approval of a majority of that 30% to pass any association business.

#### **Amendment 2 – Addition of Net Earnings Usage article – Article X.**

As a property owners association, MVE is a special purpose North Carolina corporation. North Carolina corporations are subject to an annual \$500 franchise tax unless an exemption has been granted. In order for MVE to be granted an exemption from NC franchise tax, we must add the following language to our Bylaws:

#### *ARTICLE X NET EARNINGS USAGE*

*No part of the net earnings of the organization shall inure to the benefit of its members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.*

MVE will continue to use all net earnings only for administrative expenses and road maintenance as detailed in the annual budget.

A copy of the proposed MVE Bylaws reflecting these changes can be found on the MVE website on the 2024 Annual Meeting tab.