

ADOPTED AT ANNUAL MEETING OF MEMBERS ON JULY 8, 1995, AND AMENDED ON JULY 4, 1998 AND AMENDED ON SEPTEMBER 25, 2010 AND AMENDED ON JULY 8, 2017 AND AMENDED JULY 4, 2026.

By-Laws Of Cold Springs Property Owners Association, Inc.

COLD SPRINGS PROPERTY OWNERS ASSOCIATION, INC.

**159 Stable Lane
Highlands, NC 28741**

**By-Laws
Of
Cold Springs Property Owners Association, Inc.
Revised July 4, 2026**

**ARTICLE ONE
OFFICES**

Section 1.1. Principal Office.

The principal office of the Association shall be as set forth in its most recent annual report filed with the North Carolina Secretary of State and may be changed by the Board of Directors as necessary.

Section 1.2. Registered Office.

The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical to the principal office.

Section 1.3. Other Offices.

The Association may have offices at other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Association may require from time to time.

**ARTICLE TWO
MEMBERS**

Section 2.1. Classes of Members.

There shall be one class of members.

Section 2.2. Qualification of Members.

Each record title owner of a Lot within the Development shall be a Member of the Association. Membership is appurtenant to and may not be separated from ownership of a Lot. The qualifications for membership are further governed by the Restrictive Agreement dated July 8, 1995, recorded in Deed Book Z20, Pages 2066–2075 in the Office of the Register of Deeds for Macon County, North Carolina.

Section 2.3. Voting Rights.

There shall be one natural person with respect to each Lot in the Development who shall be entitled to vote at any meeting of the Members. Such person shall be designated by the owner(s) of such Lot and shall thereafter be known and referred to as a "Voting Member." A Voting Member shall be a natural person who is either:

- (a) the sole fee simple owner of such Lot; or
- (b) if there is no natural person who is the sole fee simple owner of such Lot, a person affiliated with the ownership of the Lot, such as a co-owner, trustee, officer, or member of the entity that owns the Lot, who has been designated as the Voting Member by the record owner(s).

Section 2.4. Approval or Disapproval of Matters.

Whenever the Association requires a decision of its Members upon any matter, such decision shall be expressed on behalf of the membership by the Voting Members of the Association. Except as hereinafter expressly provided, the Association shall take such action as is specified by a vote of a majority of the Voting Members who vote upon such action.

The Association shall take no action regarding the expenditure of funds for capital improvements or other such capital expenditures without the affirmative approval of not less than two-thirds (2/3) of the Voting Members who vote upon such action.

With respect to the adoption of the General Operations Budget as provided in Section 3.8.J of these Bylaws, Members who own an improved Lot or upon whose Lot construction activity on a habitable dwelling has been commenced shall be entitled to the number of votes equal to the number of shares assessable against such Lot pursuant to Section 9.2(a).

ARTICLE THREE MEETINGS OF MEMBERS

Section 3.1. Annual Meeting.

An annual meeting of the Members shall be held at the Stables in the Tack Room at the Development, or at any other place designated by the Board, on July 4 of each year if such date is a Saturday; if not, then on the Saturday following July 4 of each year, at an hour to be set by the Board from time to time at its discretion, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as is convenient.

Section 3.2. Special Meetings.

Special meetings of the Members may be called by the President, the Board of Directors, or not

less than twenty-five percent (25%) of the Voting Members, at the principal office of the Association or at such other place as the Secretary may designate. If no designation is made, the place of the meeting shall be the principal office of the Association in the State of North Carolina. However, if all the Voting Members shall meet at any time and place, either within or without the State of North Carolina, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any Association action may be taken.

Section 3.3. Notice of Meetings.

Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered either personally, by mail, or by electronic mail (if consented to in writing), to each Member entitled to vote at such meeting not less than fifteen (15) nor more than thirty (30) days before the date of such meeting by or at the direction of the President, Secretary, or the officers or persons calling the meeting. In the case of a special meeting or when required by statute or by these Bylaws, the purpose(s) for which the meeting is called shall be stated in the notice. If mailed, the notice shall be deemed delivered when deposited in the United States mail addressed to the Voting Member at their address as it appears on the records of the Association, with postage prepaid.

The proposed Capital Expenditures and General Operations Budgets will be submitted with the Notice of Annual Meeting, and a proxy appointment form shall accompany the same.

ARTICLE FOUR BOARD OF DIRECTORS

Section 4.1. General Powers.

The affairs of the Association shall be managed by its Board of Directors. Directors need not be residents of the State of North Carolina, but each director shall be a member in good standing and either a record owner or have an equitable ownership interest in a Lot within the Development.

Section 4.2. Number, Tenure and Qualifications.

The number of directors shall be no less than five (5) and no more than seven (7). Directors shall be elected at the annual meeting of the Members, and the term of office of each director shall be two (2) years commencing immediately after his or her election and running until the election and qualification of his or her successor. No person may be elected a director unless he or she is a Member of this Association in good standing. No person who has been elected to two consecutive terms may be elected to serve again until he or she has been off the Board for at least one year.

Section 4.3. Regular Meetings.

A regular meeting of the Board of Directors shall be held without any notice other than this Bylaw immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings without notice other than such resolution. Additional regular meetings shall be held at the principal office of the Association in the absence of any contrary designation in the resolution.

Section 4.4. Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the President or any three directors, and shall be held at the principal office of the Association or at such other place as the directors may determine.

Section 4.5. Notice.

Notice of any special meeting of the Board of Directors shall be given at least twenty (20) days prior thereto by written notice delivered personally, by mail, or by electronic communication to each director at their address as shown by the records of the Association. If mailed, such notice shall be deemed delivered when deposited in the United States mail, addressed and postage prepaid. If sent electronically, notice shall be deemed delivered upon successful transmission to the address or number on record. Notices given by electronic communication must comply with N.C. Gen. Stat. § 55A-1-70. Any director may waive notice of any meeting. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends solely for the purpose of objecting to the meeting on grounds that it was not lawfully called or convened.

Section 4.6. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the directors are present, a majority of those present may adjourn the meeting without further notice.

Section 4.7. Board Decisions.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by law or by these Bylaws.

Section 4.8. Committees.

(a) **Committees of Directors.** The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more committees consisting of one or more directors. These committees, to the extent provided in the resolution, shall have and may exercise the authority of the Board in the management of the Association, provided that such designation shall not relieve the Board or any director of any responsibility imposed by law.

(b) **Other Committees.** Other committees not having the authority of the Board may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in the resolution, members of each such committee shall be Members of the Association, and the President shall appoint the members. Any committee member may be removed by the appointing authority when the best interests of the Association would be served.

Section 4.9. Vacancies.

Any vacancy on the Board and any new directorships resulting from an increase in the number of directors shall be filled by the Board. A director appointed to fill a vacancy shall serve the unexpired term of their predecessor.

ARTICLE FIVE OFFICERS

Section 5.1. Officers.

The officers of the Association shall include a President, Vice-President, Secretary, Treasurer, and such other officers as may be elected in accordance with this Article. The Board may also appoint additional officers, including assistant secretaries and assistant treasurers, as it deems desirable. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 5.2. Election and Term of Office.

The officers shall be elected annually by the Board at its regular annual meeting. If the election is not held at such meeting, it shall be held as soon thereafter as is convenient. Each officer shall serve until their successor is duly elected and qualified.

Section 5.3. Removal.

Any officer elected or appointed by the Board may be removed at any time by the Board if, in its judgment, the best interests of the Association would be served.

Section 5.4. Vacancies.

Vacancies in any office may be filled by the Board for the unexpired portion of the term.

Section 5.5. Powers and Duties.

Officers shall have the powers and duties specified by the Board. In the absence of specific designation, each officer shall perform duties customary for their position in nonprofit corporations with similar purposes.

ARTICLE SIX

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 6.1. Contracts.

The Board may authorize any officer or agent to enter into contracts or execute instruments on behalf of the Association. Such authority may be general or confined to specific instances. Except upon affirmative vote of the Members as specified in Section 2.4, no unbudgeted expense exceeding \$15,000 in any one Budget Year may be authorized by the Board.

Section 6.2. Checks, Drafts or Orders.

All checks or other orders for the payment of money issued in the name of the Association shall be signed by those officers or agents designated by Board resolution. In the absence of such resolution, these instruments shall be signed by the Treasurer or Assistant Treasurer and countersigned by the President or Vice-President.

Section 6.3. Deposits.

All Association funds shall be deposited to the credit of the Association in banks or other depositories selected by the Board.

Section 6.4. Gifts.

The Board may accept contributions, gifts, bequests, or devises for any purpose consistent with the Association's mission.

ARTICLE SEVEN

BOOKS, RECORDS, AND CERTIFICATES OF MEMBERSHIP.

Section 7.1. Certificates of Membership.

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice-President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Association. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate is lost, stolen, or destroyed, a new certificate may be issued upon such terms and conditions as the Board may determine. The issuance of a certificate shall not confer any additional rights or privileges beyond those established in these Bylaws, the Articles of Incorporation, or applicable law, and shall not be required under N.C. Gen. Stat. § 55A-6-26 unless otherwise specified by the Board. All books and records of the Association may be

inspected by any member or his agent or attorney for any proper purposes at any reasonable time.

ARTICLE EIGHT BUDGET YEAR

Section 8.1. The Budget Year of the Association shall begin on July 1 of each year and end at midnight on June 30 the following year.

ARTICLE NINE ASSESSMENTS

Section 9.1. Assessments for Capital Expenditures.

Each Lot to which a membership is appurtenant shall be liable to bear one (1) share of the expenses incurred for capital expenditures as authorized by the Capital Expenditures Budget provided within Section 3.8.I hereof.

Section 9.2. Assessments for General Operations Budget.

Each Lot to which a membership is appurtenant shall be liable for its share of assessments for operating expenses required by the General Operations Budget provided for in Section 3.8.J. hereof, in the following manner:

- (a) Improved Lot, or a Lot upon which construction activity upon a habitable dwelling has been commenced – 3 shares.
- (b) Unimproved Lot – 1 share

Section 9.3. Payment of Assessments.

All assessments shall be due and payable on or before the 31st day of August for each year in which the assessment has been levied. Assessments shall be prorated from the first day of the month during which any hitherto non-assessable property shall be brought within the assessment authority of the Association.

Section 9.4. Delinquent Assessments. When any member is in default in the payment of an assessment for a period of thirty (30) days from the due date for which such assessment became payable, his Assessment shall be deemed delinquent.

Section 9.5. Collection of Delinquent Assessments.

The Board of Directors shall be empowered to enforce the collection of all assessments provided in these By-Laws and in said Restrictive Agreement dated July 8, 1995. The Board of Directors may direct the officers, agents and attorneys of the Association to pursue in the Association's name those remedies provided for herein and in said Restrictive Agreement dated July 8, 1995, with regard to the collection of delinquent assessments.

Section 9.6. Creation of Lien. Any Assessment not paid within thirty (30) days after its due date shall be deemed delinquent and shall bear such late charges or interest as the Board may establish from time to time. The total unpaid amount, including late charges, interest, and all costs of collection, shall become a charge and a continuing lien upon the Lot against which the Assessment was levied. The Association may record a Claim of Lien for the delinquent amount with the Clerk of Superior Court in Macon County, North Carolina, in accordance with N.C. Gen. Stat. § 47F-3-116 or other applicable law. The lien shall relate back to all unpaid Assessments that became due prior to the date of recording and shall remain enforceable until fully satisfied. The Association may also pursue a personal judgment against the Lot owner for the delinquent amount, with or without enforcing the lien. In any action to collect Assessments or enforce the lien, the Association shall be entitled to recover reasonable attorneys' fees and costs incurred, provided that statutory notice requirements are satisfied. The lien shall be subordinate to any first mortgage or deed of trust recorded prior to the filing of the Claim of Lien, as provided by law.

In the event of default, the Association may, at its discretion, accelerate the due date of all remaining Assessments for the applicable fiscal year, which shall become immediately due and payable. In addition to attorneys' fees and court costs, the owner shall be obligated to reimburse the Association for all reasonable administrative expenses incurred in the collection process, including lien filing fees, postage, and third-party service charges. The lien shall remain enforceable against the Lot notwithstanding transfer of title, foreclosure by a subordinate interest, or discharge of the Lot owner in bankruptcy, to the fullest extent permitted by law.

ARTICLE TEN

SEAL

Section 10.1. The corporate seal shall be the same as that impressed to the right of this Article Ten.

ARTICLE ELEVEN

WAIVER OF NOTICE

Section 11.1. Whenever any notice is required to be given under the provision of Chapter 55A of the General Statutes of North Carolina, or under the provisions of the Articles of Incorporation or the By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE TWELVE RULES

Section 12.1. Adoption of Rules.

The Board of Directors shall have the power to adopt from time to time Rules for the operation of the Association and its property, so long as such Rules do not conflict with the Articles of Incorporation, the By-Laws or the Restrictive Deed Covenants in effect at the time of adoption of the Rules.

Section 12.2. Enforcement of Rules.

Such Rules may be enforced by the Association in a proceeding at law or in equity against any person or entity violating or attempting to violate any Rule, either to restrain such violation or to recover damages. The failure by the Association or any Member to enforce any Rule for any period of time shall not be deemed a waiver or estoppel of the right to enforce such Rule thereafter.

Section 12.3. Severability.

Should any such Rule be declared unenforceable, for any reason, by the adjudication of any court or other tribunal, such judgment shall not affect the other provisions of such Rules, which shall be severable and which shall remain in full force and effect.

Section 12.4. Variances.

Variances from any Rule must be obtained in advance from the Board of Directors in writing.

ARTICLE THIRTEEN AMENDMENT OF BY-LAWS

Section 13.1. These By-Laws may be altered, amended, or repealed and new By-Laws may be adopted by the affirmative vote of two-thirds (2/3) of the Voting Members present in person or by proxy at any regular or special meeting of the Members, provided that at least forty percent (40%) of the total Voting Members are represented at such meeting. Notice of the proposed alteration, amendment, repeal, or adoption of new By-Laws shall be included in the notice of the meeting, which must be delivered to the Members not less than fifteen (15) days prior to the meeting date.

ARTICLE FOURTEEN

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 14.1.

(a) To the fullest extent permitted by North Carolina law, including N.C. Gen. Stat. § 55A-8-51 et seq., the Association shall indemnify and hold harmless any director or officer of the Association against any and all liabilities and reasonable litigation expenses, including attorneys' fees, incurred in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, arising out of their service to the Association, provided that such individual acted in good faith and in a manner reasonably believed to be in the best interests of the Association.

(b) To the extent permitted by law, the Association shall pay or reimburse reasonable expenses, including attorneys' fees, incurred by a director or officer in advance of the final disposition of any proceeding, upon receipt of a written affirmation of good faith belief that the applicable standard of conduct has been met and a written undertaking to repay such amounts if it is ultimately determined that indemnification is not permitted.

(c) The Association shall not be obligated to indemnify any individual for amounts paid in settlement unless such settlement is approved in advance by the Board of Directors, which shall not unreasonably withhold approval.

(d) The indemnification provided herein shall inure to the benefit of any director or officer even after service has ended and, in the case of death, shall extend to their legal representative. This right shall not be exclusive of any other rights to which such person may be entitled, including coverage under any directors and officers liability insurance policy maintained by the Association.

(e) Nothing in this Section shall eliminate or limit any liability that may not be limited under applicable law, including liability for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law.

CERTIFICATION

These By-Laws were approved and adopted by the required vote of the members of the Cold Springs Property Owners Association, Inc., present in person or by proxy at a duly noticed meeting held on the 4th day of July, 2026 with the required quorum represented.

Certified this ____ day of _____.

By: _____

Bill Richards, President CSPOA

Attested By: _____

Louise Weaver, Secretary CSPOA

STATE OF NORTH CAROLINA

COUNTY OF MACON

On _____ (date) before me _____ (notary), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. I certify under PENALTY OF PERJURY that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature _____ (Seal)

Notary Public Printed Name: _____

My Commission Expires: _____

Commission # _____