

BY-LAWS
OF
THE RESERVE AT LAKE LOUISE HOMEOWNERS ASSOCIATION, INC.

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TABLE OF CONTENTS

| | |
|---|---|
| Article I. Name, Principal Office, and Definitions | 1 |
| Name | 1 |
| Principal Office | 1 |
| Definitions | 1 |
| Article II. Association: Membership, Meetings, Quorum, Voting, Proxies | 1 |
| Membership | 1 |
| Place of Meetings | 1 |
| Annual Meetings | 1 |
| Special Meetings | 1 |
| Notice of Meetings | 2 |
| Waiver of Notice | 2 |
| Adjournment of Meetings | 2 |
| Voting | 2 |
| Proxies | 2 |
| Majority | 3 |
| Quorum | 3 |
| Conduct of Meetings | 3 |
| Action Without A Meeting | 3 |
| Article III. Board of Directors: Number, Powers, Meetings | 3 |
| Composition and Selection | 3 |
| Governing Body: Composition | 3 |
| Directors During Class “B” Control Period | 3 |
| Right to Disapprove Actions | 4 |
| Number of Directors | 4 |
| Nomination of Directors | 5 |
| Election and Term of Office | 5 |
| Removal of Directors and Vacancies | 6 |
| Meetings | 6 |
| Organizational Meetings | 6 |
| Regular Meetings | 7 |
| Special Meetings | 7 |
| Waiver of Notice | 7 |
| Quorum of Board of Directors | 7 |
| Compensation | 7 |
| Conduct of Meetings | 8 |
| Open Meetings | 8 |
| Action Without A Formal Meeting | 8 |
| Powers and Duties | 8 |

| | |
|---|----|
| Powers | 8 |
| Management | 10 |
| Accounts and Reports | 10 |
| Borrowing | 11 |
| Rights of the Association | 12 |
| Enforcement | 12 |
| Notice | 12 |
| Hearing | 12 |
| Appeal | 12 |
| Additional Enforcement Rights | 12 |
| Article IV. Officers | 13 |
| Officers | 13 |
| Election, Term of Office, and Vacancies | 13 |
| Removal | 14 |
| Powers and Duties | 14 |
| Resignation | 14 |
| Agreements, Contracts, Deeds, Leases, Checks, Etc. | 14 |
| Article V. Committees | 14 |
| General | 14 |
| Covenants Committee | 14 |
| Article VI. Miscellaneous | 15 |
| Fiscal Year | 15 |
| Parliamentary Rules | 15 |
| Conflicts | 15 |
| Books and Records | 15 |
| Inspection by Members and Mortgagees | 15 |
| Rules for Inspection | 15 |
| Inspections by Directors | 15 |
| Notices | 16 |
| Amendment | 16 |

BY-LAWS
OF
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Article I
Name, Principal Office, and Definitions

Section 1. Name. The name of the corporation is The Reserve at Lake Louise Homeowners Association, Inc. (hereinafter sometimes referred to as the “Association”).

Section 2. Principal Office. The principal office of the Association is located at 2247 Highway 64 East, Mocksville, North Carolina. The Association may have such other offices as the Board of Directors determine.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for The Reserve at Lake Louise, (hereinafter referred to as the “Declaration”) as amended, renewed or extended from time to time.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declarations, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members the Directors may designate.

Section 3. Annual Meetings. The first meeting of the Association shall be held within one year from the date of incorporation of the Association. Meetings shall be of the Voting Members or their alternates. Subsequent regular annual meetings shall be set by the Board so as to occur during the third quarter of the Association’s fiscal year on a date and at a time set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members representing at least ten percent of the total Class “A” votes of the Association. No business shall be transacted at a special meeting except as stated in the written notice.

Section 5. Notice of Meetings. Written notice stating the place, day and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the direction of the President or the Secretary or the officers of persons calling the meeting. In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting, either before or after such meeting. Attendance at a meeting by a Voting Member or alternate shall be deemed a waiver by such Voting Member of notice of the time, date, and place thereof, and of all business transacted, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order or objects to the business transacted before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five nor more than thirty days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to less than a quorum, provided that Voting Members or their alternates representing at least twenty-five percent of the total Class "A" votes of the Association remain in attendance, and provided further that any action taken is approved by at least a majority of the Members required to constitute a quorum unless a higher vote is required in the Declaration.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting Members may not vote by proxy but only in person or through their designated alternates.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent of the total number.

Section 11. Quorum. Except as other provided in these By-Laws or in the Declaration, the presence in person or by alternate of the Voting Members representing a majority of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums shall control as to the issues to which the quorum requirement applies.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without A Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if written consent setting forth the action so taken is signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Voting Members.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Class “B” Member, the directors shall be Members or spouses of such Members who reside in The Reserve at Lake Louise; provided, however, no person and his or her spouse may serve on the Board at the same time. A director appointed by the Class “B” Member need not be a Member nor a resident of The Reserve at Lake Louise. In the case of a Lot Owner which is a corporation or partnership, the person designated in writing to the secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Directors During Class “B” Control Period, Termination of Class “B” Control Period. Subject to the provisions of Section 6 below, the directors shall be selected by the Class “B” Member acting in its sole discretion and shall serve at the pleasure of the Class “B” Member during the Class “B” Control Period. The Class “B” Control Period shall last until the first to occur of the following:

(a) when the Declarant no longer owns any portion of the property described on Exhibit “A” attached to the Declaration;

(b) when, in its discretion, the Declarant so determines and declares in a written recorded instrument; or

(c) in any event when eighty-one (81) patio houses have been sold to purchasers for occupancy as a House and not to contractors for the purpose of building patio houses.

Section 3. Right to Disapprove Actions. This Section 3 may not be amended without the express written consent of the Class “B” Member as long as the Class “B” membership exists.

So long as the Class “B” membership exists, the Class “B” Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section. The right shall be exercisable only by the Class “B” Member, its successors and assigns, who specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class “B” Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 8, 9, and 10, of these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class “B” Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, any committee thereof, or the Association. The Class “B” Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or to the Board. The Class “B” Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board of Directors or any committee thereof and to be taken by the Board, such committee, the Association, or any individual member of the Association, if Board, committee, or Association approval is necessary for such action. This right may be exercised by the Class “B” Member, its representatives, or agents at any time within ten days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counterclaim on behalf of any committee, or the Board or the Association. The Class “B” Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors. The initial Board shall consist of from one to three members as selected by the Class “B” Member. After the term of the initial Board, the number of directors may be increased by the Class “B” Member during the Class “B” Control Period and by the Voting Members after the expiration of the Class “B” Control Period.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class “B” Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chair person, who shall be a member of the Board of Directors, and three or more Members of the Association, with at least one representative from each Voting Group. The Nominating Committee shall be appointed by the Board of Directors not less than thirty days prior to each annual meeting of the Voting Members to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled.

Section 6. Election and Term of Office. Notwithstanding any other provision herein:

(a) During the Class “B” Control Period, the term of office of a director shall be one year. Within thirty days after termination of the Class “B” membership, all directors shall be elected by the Voting Members. A majority of the directors shall be elected for a term of two years and the remaining directors shall be elected for a term of one year. Thereafter, at the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of two years.

(b) Each Voting Member shall be entitled to cast one vote with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There shall be no cumulative voting. The directors elected by the Voting Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director selected by the Class “B” Member may be removed for any reason at any time. Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought other than by the Class “B” Member shall be given notice prior to any meeting called for that purpose. A director who was elected at large solely by the votes of the Voting Members other than the Declarant may be removed from office prior to the expiration of his or her term only by the votes of a majority of Voting Members other than the Declarant. Upon removal of a director, a successor shall then and there be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the terms of such director.

Any director elected by the Voting Members who has three consecutive unexcused absences from Board meeting or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor. Any director appointed by the Board shall be selected from the Voting Group represented by the director who vacated the position and shall serve for the remainder of

the term of such director.

B. Meetings.

Section 8. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten days thereafter at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by the sole director if there is only one, or by twenty-five percent of the directors if there are more than one. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal deliver; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by fax to the director's fax number. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or fax shall be delivered, telephoned, or faxed at least seventy-two hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or whenever held, shall be valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at the call of the vote at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors prior to adjournment. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a

time not less than five nor more than thirty days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total Class “A” vote of the Association at a regular or special meeting of the Association; provided, however, any director may be reimbursed for expenses incurred on behalf of the Association upon approval by a majority of the other directors;

Section 14. Conduct of Meetings: The President shall preside over all meetings of the Board of Directors, and Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 15. Open Meetings. Subject to the provisions of Section 16 of this Article, all meetings of the Board shall be open to all Voting Members, but Voting Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Voting Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding the Voting Members, to discuss matters of a sensitive nature, such as pending or threatening litigation, personnel matters, etc.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors of any action that may be taken at a meeting of the directors may also be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association’s affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

In addition to the duties imposed by these By-Law or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, by way of explanation, but not limitation:

- (a) Preparation and adoption, in accordance with Article X of the Declaration of annual budgets in which there shall be established the contribution of each Lot Owner to the Common Expenses.

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such annual assessments; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) providing for the operation, care, upkeep and maintenance of all of the Area of Common Responsibility;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Elements in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Lot Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium costs thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Lot Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) maintaining a membership register reflecting, in alphabetical order, the names, unit addresses and mailing addresses of all Members;

(n) making available to any prospective purchaser of a Lot, any Lot Owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot and all other books, records and financial statements of the Association;

(o) permitting utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development or operation of the Properties; and

(p) appointing the members of the Architectural Review Committee and such other committees as are authorized under Article XI of the Declaration and establishing such fees and providing for such compensation as the Board deems necessary to enable these committees to carry out their duties.

Section 18. Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 17 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an “actual” versus “approved” budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Lot Owners who are delinquent in paying assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent on the fifteenth day following the due date unless otherwise determined by the Board of Directors; and

(g) an annual report consisting of at least the following shall be distributed to all Members within one hundred twenty days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant, provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Lot, the Association shall provide an audited financial statement. During the Class “B” Control Period, the annual report shall include certified financial statements.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, or restoration of the Area of Common Responsibility without the approval of the Voting Members of the Association. The Board shall also have the power to borrow money for other purposes, provided, the Board shall obtain Voting Member approval in the same manner provided in Article X, Section 3 of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws, or the Articles of Incorporation, during the Class “B” Control Period, no Mortgage lien shall be placed on any portion of the Common Elements without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least fifty-one percent of the Members other than the Declarant and the Declarant’s nominees.

Section 21. Rights of the Association. With respect to the Area of Common Responsibility, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Such agreement shall require the consent of two-thirds of all directors of the Association.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the Class "B" Control Period unless such contract, lease, or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety days notice to the other party.

Section 22. Enforcement. The Board shall have the power to impose reasonable fines as provided in Article X of the Declaration and the right to all enforcement remedies provided under Article X of the Declaration and under and pursuant to the provisions of the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes.

Article IV **Officers**

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Voting Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any office may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V **Committees**

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting in which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least five and no more than seven members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article III, Section 22 of these By-Laws. Committee members shall be elected for a term of one year or until their successors are elected.

Article VI **Miscellaneous**

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. Conflicts. If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws, in that order, shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of accounts, and the minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Lot, Member of the Association, or by the duly appointed representative of the foregoing, at any reasonable time and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules of Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspections by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Voting Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. During the Class “B” Control Period, Declarant may unilaterally amend these By-Laws.

Upon the expiration of the Class “B” Control Period, these By-Laws may be amended

only by the affirmative vote or written consent of Voting Members representing seventy-five percent of the total Class "A" votes in the Association. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public registry of Davie County, North Carolina.

If a Lot Owner consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Lot Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Lot Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of The Reserve at Lake Louise Homeowners Association, Inc., a North Carolina corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the ____ day of _____, _____.

IN WITNESS WHEREOF, I have hereunto subscribed my name for the Association this ____ day of _____, _____.

Secretary