

EXHIBIT A

AMENDED AND RESTATED BY-LAWS  
OF  
CHAMPION HILLS PROPERTY OWNERS  
ASSOCIATION, INC.

AS AMENDED THROUGH  
October 2016

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**AMENDED AND RESTATED BY-LAWS  
OF  
CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC.**

**AS AMENDED THROUGH FEBRUARY 2016**

*THESE BY-LAWS HAVE BEEN AMENDED AND RESTATED IN THEIR ENTIRETY, EFFECTIVE JANUARY 1, 2001, THE DATE ON WHICH ALL REMAINING ESSENTIAL PROPERTIES WERE TRANSFERRED TO THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. FROM THE BRANIGAR ORGANIZATION, INC., A SUBSIDIARY OF INTERNATIONAL PAPER COMPANY AND FINAL CONTROL OF THE OPERATIONS OF THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. PASSED FROM THE BRANIGAR ORGANIZATION, INC. TO THE MEMBERS OF THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. THIS FINAL TRANSFER OF PROPERTIES AND THE TURNOVER OF CONTROL WAS CONSUMMATED UNDER AND PURSUANT TO THE TERMS AND CONDITIONS OF THE TRANSITION AGREEMENT, MADE AND ENTERED INTO AS OF THE 10<sup>TH</sup> DAY OF MARCH, 2000 BY AND AMONG THE CHAMPION HILLS CLUB, INC., THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. AND THE BRANIGAR ORGANIZATION, INC.*

**1. Organization**

1.1 Name

The name of the corporation is Champion Hills Property Owners Association, Inc. The Association is organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

1.2 Purposes

The Association is organized for such purposes as are stated in its Articles of Incorporation and as otherwise may be permitted under the applicable provisions of the North Carolina Nonprofit Corporation Act, including, but not limited to, the use of the Common Areas.

1.3 Principal Office

The principal office of the Association shall be at such place in the State of North Carolina as the Board of Directors shall, from time to time, establish; the Board of Directors may, from time to time, establish other offices of the Association within the State of North Carolina as it shall elect. The address of the principal office of the Association is 1 Hagen Drive, Hendersonville, North Carolina 28739.

## 2. Definitions

The following words and terms, when used in these By-Laws shall have the common, generally accepted meanings, unless where and as used or the pertinent provisions of the North Carolina Nonprofit Corporation Act shall prohibit such meaning:

### 2.1 “Articles”

The Articles of Incorporation of Champion Hills Property Owners Association, Inc. as duly filed with the North Carolina Secretary of State and as amended from time to time.

### 2.2 “Assessments: Base; Neighborhood; Special; Specific”

The assessments levied by the Board of Directors under Section 1, 2, 3, 5, or 6 of Article X of the *Covenants* to meet, as appropriate, certain actual or estimated expenses of the Association incurred, or anticipated to be incurred, for the benefit of all or, in certain cases, a limited number of the Members of the Association.

### 2.3 “Association”

The Champion Hills Property Owners Association, Inc., a corporation organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

### 2.4 “Board of Directors” or “Board”

The body responsible for the administration of the Association under the applicable provisions of the Articles, the By-Laws of the Association, the *Covenants* and the North Carolina Nonprofit Corporation Act.

### 2.5 “Board of Governors of the Club”

The body responsible for the administration of the Club, under the applicable provisions of the provisions of the By-Laws of the Club and of the North Carolina Nonprofit Corporation Act, and generally serving the same role as the board of directors under North Carolina law.

### 2.6 “Branigar”

The Branigar Organization, Inc., formerly a division of Union Camp Paper Company, and now a subsidiary of International Paper Company.

### 2.7 “By-Laws of the Club”

The Amended and Restated By-Laws of Champion Hills Club, Inc. (January 1, 2001), and as may be amended from time to time.

### 2.8 “Champion Hills”

The residential development area located near Hendersonville, North Carolina and developed by Branigar.



## 2.9 “Club”

The Champion Hills Club, Inc., a nonprofit corporation organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act, located in Champion Hills.

## 2.10 “Common Area”

All the real property and personal property, owned, leased or otherwise held by the Association for the use and enjoyment of the Members of the Association, including, without limitation, the wastewater collection and treatment systems serving Champion Hills and any easements held by the Association for any purpose under the provisions of the *Covenants*. The term shall include the Exclusive Common Area, as defined in Section 2.14.

## 2.11 “Common Expenses”

The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Members, including any reasonable reserve, all as may be found necessary and appropriate by the Board of Directors pursuant to the Articles, the By-Laws and the *Covenants*.

## 2.12 “Covenants”

The *Declaration of Covenants, Conditions and Restrictions for Champion Hills*, recorded on April 10, 1992 in Deed Book 796, Page 65, et seq., Henderson County, North Carolina, Registry of Deeds, and as amended and supplemented from time to time thereafter.

## 2.13 “Dwelling Unit”

A single family residence or townhouse, attached or detached, and any accessory building located on a Lot in Champion Hills, the use of which is incident to the Dwelling Unit and customary with that use.

## 2.14 “Exclusive Common Area”

The portion of the Common Area that the Association now or hereafter owns, leases or otherwise holds possessory or use rights in, for the exclusive use or primary benefit of one or more, but less than all, Neighborhoods, as shall be more particularly described in the pertinent provisions of the *Covenants*.

## 2.15 “General Manager”

The manager hired by the Board, pursuant to Section 8.2.2, and by the Board of Governors of the Club, pursuant to Section 8.2.2 of the Club By-Laws, to oversee the day-to-day operations of (i) the Association pursuant to Section 10.1 of these By-Laws and (ii) the Club pursuant to Section 10.1 of the By-Laws of the Club.

## 2.16 “Lot”

A plot of land shown upon any recorded subdivision map of Champion Hills intended for improvement with a Dwelling Unit.

2.17 “Member of the Association” or “Member”

The owner of a Lot or Dwelling Unit, who (i) is in good standing as to the payment of fees, charges and assessments established and levied pursuant to Article X of the *Covenants* and Section 11, (ii) is not subject to disciplinary action pursuant said Article X and Section 12 and (iii) is otherwise entitled to vote on matters properly brought before any meeting of the Association, including the election of members of the Board of Directors. The term, where the context permits or requires, shall also include Branigar, for so long as it shall own fee simple title to any Lot or Dwelling Unit.

2.18 “Membership Register”

The list of names and current addresses of the Members of the Association maintained at the principal office of the Association.

2.19 “Neighborhood”

Each separately designated residential area within Champion Hills, in which the owners of the Lots or Dwelling Units have common interests other than those common to all Members of the Association. The term, where the context permits or requires, shall also refer to the Neighborhood Committee as defined in the *Covenants*, having concurrent jurisdiction over real property within the Neighborhood.

2.20 “Neighborhood Expenses”

The actual or estimated expenses incurred or anticipated to be incurred by the Association for the benefit of owners of Lots or Dwelling Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors pursuant to the By-Laws or the *Covenants*.

2.21 “North Carolina Nonprofit Corporation Act”

Chapter 55A, Sections 55A-1, *et seq.*, of the North Carolina General Statutes.

2.22 “Person”

A natural person, partnership, association, trust or other legal entity, entitled to be a Member of the Association, but shall not include any Person that shall own or possess only a security interest in a Lot or Dwelling Unit in Champion Hills.

2.23 “Rules and Regulations”

The restrictions and guidelines governing use of the Common Areas by, and conduct of, Members, their family and guests, and invitees as shall have been adopted and as may be amended, from time to time, by the Board of Directors.

2.24 “Vote of the Members”

A majority of all votes cast by Members of the Association entitled to vote at any duly noticed Annual Business Meeting or Special Meeting of POA Members.

### **3. Members and Membership**

#### **3.1 Qualifications**

Each Person, who shall own fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit, shall be deemed to be a Member of, and to have a membership in, the Association. Such membership shall be appurtenant to, and may not be separated from, the ownership of any Lot or Dwelling Unit. Notwithstanding that fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit shall be owned (i) either as tenants in common or as joint owners with rights of survivorship pursuant to Section 3.3.2 or (ii) by a legal entity pursuant to Section 3.3.3, there shall be no more than one membership per Lot or Dwelling Unit. The rights and privileges of membership in the Association may be enjoyed by each such Person, except that the right to vote set forth in Sections 4.9 and 5.4 may be exercised by only one such Person. All such Persons shall be jointly and severally liable for the duties and obligations of such membership. The rights and privileges of a Person, who is a natural person, may be exercised by the Member or his spouse. The membership rights of a Person, that shall be a corporation, trust, partnership or other legal entity, shall be exercised by the individual designated pursuant to Section 3.3.3.

#### **3.2 Membership Rights, Privileges, Duties and Obligations**

Membership in the Association entitles the holder, upon payment of all fees, charges and assessments (annual and special) as shall be established and published from time to time by the Board of Directors, (i) to the use of the Common Areas, (ii) to vote, in accordance with Section 4.9, on all matters properly noticed and presented at any meetings of Members held pursuant to Sections 4.1 and 4.3 and (iii) to vote, in accordance with Section 5.4, for the election of directors at a properly noticed Annual Election Meeting of Members held pursuant to Section 4.2.

#### **3.3 Types of Membership**

##### **3.3.1 General**

In addition to the eligibility of a Person to be a Member of the Association as set forth in Section 3.1, a Membership in the Association may be held (i) in joint ownership pursuant to Section 3.3.2, (ii) by a legal entity pursuant to Section 3.3.3 or (iii) by a Person owning more than one (1) Lot or Dwelling Unit pursuant to Section 3.3.4

##### **3.3.2 Joint Ownership**

In the event that fee simple title to, or a beneficial interest in, a Lot or Dwelling unit shall be held by two (2) or more Persons, either as tenants in common or as joint tenants with rights of survivorship, such joint owners shall provide to the Association written notice designating one of the joint owners, who shall be responsible for observance and performance of all the duties and obligations of Membership and shall be entitled to exercise, on behalf of the other joint owners, the right to vote for the Membership on all matters on which Members of the Association are entitled to vote. Such designation shall remain in effect until written notice, executed by all the other joint owners, is received by the Association changing such designation; provided, however, that such designation may not be changed more than once in any calendar year and only then in accordance with such

rules and regulations as the Board of Directors shall have established therefor. Notwithstanding anything to the contrary elsewhere herein, each of the joint owners of a Lot or Dwelling Unit shall be jointly and severally liable for the payment of fees, other charges and assessments or indebtedness associated with Membership in the Association.

### 3.3.3 Ownership by Legal Entity

A corporation, partnership, trust or other legal entity that shall own fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit shall be entitled to hold a Membership in the Association. Each such corporation, partnership, trust or other legal entity shall provide to the Association written notice designating one (1) individual who shall be responsible for the observance and performance of all duties and obligations of the Membership and shall be entitled to all of the rights and privileges of such Membership, including the right to vote on all matters on which Members of the Association are entitled to vote. Such designation shall remain in effect until written notice, executed by an authorized representative of such legal entity, is received by the Association changing such designation; provided, however, that such designation may not be changed more than once in any calendar year and only then in accordance with such rules and regulations as the Board of Directors shall have established therefor.

### 3.3.4 Multiple Lot or Dwelling Unit Ownership

If a Person shall own fee simple title to, or a beneficial interest in, two (2) or more Lots or Dwelling Units, each such Person shall be entitled to one Membership in the Association for each Lot or Dwelling Unit so owned. Each such Person shall be entitled to the rights and privileges, and shall be responsible for the observance and performance of all of the duties and obligations of Membership, for each such Lot or Dwelling Unit.

## 3.4 Transfer of Membership

### 3.4.1 General

Since Membership in the Association is appurtenant to, and may not be separated from, ownership of the Lot or Dwelling Unit, it may not be assigned, pledged, hypothecated, encumbered or otherwise transferred for any purpose whatsoever, except as specifically provided for in this Section 3.4.

### 3.4.2 Transfer upon Death or Divorce

#### 3.4.2.1 Transfer upon Death

Upon the death of a Member, the Membership in the Association shall automatically vest as provided in the will, if any, of the deceased Member as to the disposition of the Lot or Dwelling Unit or in accordance with the laws of descent and distribution of the State or Country in which such deceased Member was domiciled at death.

#### 3.4.2.2 Transfer Upon Divorce or Legal Separation

In the event a Member and his spouse are legally divorced or legally separated, the Membership shall vest or remain, as the case may be, in the name of the spouse, who receives or retains, as the case may be, title to the Lot or Dwelling Unit, pursuant to a final

decree of a court of competent jurisdiction or to a valid separation agreement. In the absence of such a final court decree or valid separation agreement, the Membership shall remain in the name of the person whose name appears on the Membership Register.

#### 3.4.3 Transfer Upon Sale of Lot or Dwelling Unit

Upon the final closing on the sale of a Lot or Dwelling Unit, the buyer thereof, except as may be specifically provided for elsewhere herein, shall become the Member and as such shall become entitled to all the rights and privileges, and shall become subject to all of the duties and obligations, of Membership in the Association. The seller shall remain liable for all fees, charges or assessments unpaid at the time of closing and not otherwise assumed by the buyer.

### **4. Meetings of Members**

#### 4.1 Annual Business Meeting

The Annual Business Meeting of Association Members shall be held every year on a weekday between May 20 and July 20, inclusive, that is not a legal holiday, at such time and place as shall be set by the Board and specified in the written notice of such meeting given pursuant to Section 4.5. The Board of the Association and the Club Board shall schedule their Annual Business Meetings for the same day unless either Board determines there is good cause to schedule the meetings on different days.

#### 4.2 Annual Election Meeting

The Annual Election Meeting of Members shall be held on the first (1<sup>st</sup>) Monday of December of each year beginning in the year 2001 at such time and place as shall be specified in the written notice of such meeting given pursuant to Section 4.5. If such date shall fall on a legal holiday, the meeting shall be held on the first business day following that is not a holiday. The sole purpose of the Annual Election Meeting shall be to receive the report of the Election Committee as to the results of the ballot vote for the election of members of the Board of Directors conducted pursuant to Section 5.4; no other business shall be conducted at an Annual Election Meeting.

#### 4.3 Special Meetings

Special meetings of the Members for any purpose or purposes may be held at any time at the call of the Board of Directors or of the President, either on his own motion or within thirty (30) days after receipt of a written request, signed and dated, by not less than ten percent (10%) of the Members, delivered to the Secretary pursuant to Section 15.12, at such place, date and time as shall be specified in the notice thereof given pursuant to Section 4.5. No business may be conducted at any special meeting other than that stated in such notice.

#### 4.4 Place of Meetings

The Annual Business Meeting, the Annual Election Meeting and any special meeting of Members shall be held at the principal office of the Association, unless the Board of

Directors shall, in the notice of such meeting given pursuant to Section 4.5, designate another place.

#### 4.5 Notice of Meetings

Not less than fifteen (15) nor more than forty-five (45) days before the date set for the meeting, the Secretary shall deliver, or cause to be delivered, to each Member notice of all meetings, stating (i) the record and voting entitlement dates, established by the Board of Directors pursuant to Section 8.2.1, and (ii) the place, date and time of the meeting and whether it is an Annual Business Meeting, an Annual Election Meeting or a special meeting and, in the case of a special meeting, stating the purpose or purposes thereof. Such notice, if mailed, shall be addressed to such Member at such Member's address as it shall appear on the Membership Register ten (10) days prior to the date of such notice. If notice is given by mail as provided in this Section 4.5, such notice shall be deemed delivered and received as set forth in Section 15.12. A copy of each such notice shall also be posted in a conspicuous place in the Clubhouse of the Champion Hills Club on the same date that such notice is mailed to Members.

#### 4.6 List of Members of the Association

##### 4.6.1 Preparation

Not less than two (2) business days after notice of any Annual Business, Annual Election or special meeting of Members shall have been given pursuant to Section 4.5, the Secretary shall prepare, or cause to be prepared, an alphabetical list of the names and addresses of Members entitled to receive notice of the meeting; such list shall also show the number of votes each such Member is entitled to cast at such meeting.

##### 4.6.2 Availability for Inspection

The list prepared pursuant to Section 4.6.1 above shall, upon its preparation and until the called date of the meeting or any adjournment thereof, be made, on written demand submitted not less than five (5) days prior to the date requested in such demand for such inspection, available for inspection by any Member, personally or by his duly appointed representative or representatives, at the offices of the Association and, during any such meeting, at the place where it is held. Such Member, at his expense, may copy such list at a mutually agreed upon time; provided however, that such inspection and copying shall be for the sole purpose of communicating with other Members concerning the meeting.

#### 4.7 Adjourned Meetings and Notice

Any duly noticed meeting of Members, whether or not a quorum is present, may be adjourned from time to time by a vote of not less than a majority of the Members present, but in the absence of a quorum, no other business may be transacted at the meeting. It shall not be necessary to give notice of an adjourned meeting other than by announcement at the meeting, unless such meeting is adjourned for thirty (30) days or more in which event notice of the adjourned meeting shall be given as in the case of the original meeting and a new record and voting entitlement date or dates shall be established pursuant to Section 8.2.1. At the reconvened meeting, if a quorum shall be present, any business that might

have been conducted at the meeting originally called may be conducted without further notice.

#### 4.8 Quorum

The presence, in person, by proxy or, in the case of an Annual Election, by returned ballot, of not less than forty percent (40%) of the Members entitled to vote on the matters before the meeting, shall be necessary to constitute a quorum for the transaction of business at an Annual Business Meeting, an Annual Election Meeting or any special meeting of Members. Once a Member is present for quorum purposes, such Member is deemed present for the remainder of the meeting and any adjournment, unless a new record and voting entitlement date is required to be set pursuant to Section 4.7. In addition, the withdrawal of such number of Members, during the course of the meeting at which a quorum was originally present resulting in the absence of a quorum, shall not affect the right of such meeting to continue to transact business, provided that not less than a majority of the required quorum as defined in Section 4.8 shall be present at all times.

#### 4.9 Voting; Proxies; Tally

##### 4.9.1 Voting Entitlement

Subject to the provisions of Section 12 hereof, each Member of the Association shall be entitled to vote. The vote shall be cast (i) by the Member, (ii) by the joint owner designated pursuant to Section 3.3.2, or (iii) by the individual designated by the legal entity pursuant to Section 3.3.3. Voting agreements purporting to have been executed by and between two (2) or more Members shall have no force and effect.

##### 4.9.2 Form and Use of Proxies

Except as is provided in Section 5.4 in respect of the election of members of the Board of Directors by ballot, the Secretary shall prepare, or cause to be prepared, a form of proxy for execution and return by each Member entitled to vote on a duly noticed matter. At the time that notice of the meeting is given to each Member pursuant to Section 4.5, the Secretary shall deliver, or cause to be delivered, in the same manner that such notice shall have been delivered, a form of proxy that shall meet all applicable requirements therefor contained in the North Carolina Nonprofit Corporation Act in effect as of the date of such notice. The form of proxy may include, but is not limited to, a means whereby each Member, electing to use such proxy, may specify whether the vote cast shall be for, against or abstained on each matter to be voted on and a means whereby the Member may grant to the proxies named therein discretionary authority to vote on other matters that may properly come before the meeting. Each proxy shall be dated and signed by the Member, either personally or by power of attorney, in form and content satisfactory to the Secretary and submitted with the executed proxy. A proxy given under this Section 4.9.2 shall be valid for eleven (11) months, unless a different period is specifically provided for therein. All proxies shall be returned to the Association at the address specified on the proxy or in the notice of the meeting, attention of the Secretary, either in person, by facsimile transmission to the number specified on the proxy or meeting notice, or by mail to such address, not later than 6:00 PM on the second (2<sup>nd</sup>) preceding day before the meeting, unless the proxy or the notice of the meeting shall specify a different place, day or time. A duly executed

and timely returned proxy may be revoked by attending the meeting and voting in person or by proxy or at any time prior to the return date; such revocation must be in writing executed by such Member or by power of attorney or by the submission of an additional proxy.

#### 4.9.3 Tally and Report of Tellers

Not less than five (5) days prior to any meeting at which matters are to be submitted to the Members for a vote, unless such vote shall be for the election of members of the Board of Directors by ballot pursuant to Section 5.4, the President shall appoint not less than two (2) individuals, who may, but are not required to, be Members, or the spouse of a Member, as Tellers, for the tally of the vote. At the close of the discussion on such vote at the meeting, the President shall call for a vote from the floor by any Member present, who has not voted by proxy, and from the proxies appointed for that purpose by Members who have returned valid forms of proxy. The Secretary shall have the sole authority to determine the validity of a proxy. The contents of all proxies shall be held in confidence. The results of each vote taken at the meeting shall be announced at the meeting, if practicable, and, if not so announced, shall otherwise be made publicly available, as soon as practicable, after the meeting.

#### 4.9.4 Challenge; Retention of Proxies

In the event that any Member challenges the reported results of any vote, written notice of such challenge and all pertinent facts shall be filed with the Board of Directors within two (2) days after the results are announced. The Board shall review the merits of the challenge and issue its decision within five (5) business days after receipt of the notice. The decision of the Board shall be final. If a challenge has been filed, the returned proxies, accompanying powers of attorney, if any, and the vote of the Members, if any, voting from the floor of the meeting shall be retained until the challenge is resolved. Otherwise all proxies and accompanying powers of attorney shall be destroyed by the fifteenth (15<sup>th</sup>) day after the meeting.

#### 4.10 Vote Required for Action

Unless otherwise specified in these By-Laws or in the Articles, a majority of the votes cast on any matter is necessary for the passage or defeat of any matter properly before the meeting requiring a vote of the Members.

## **5. Board of Directors**

### 5.1 Number, Election and Term of Directors Elected Prior to January 1, 2001

The Board of Directors elected pursuant to Section 6.A of Article III of the By-Laws of the Champion Hills Property Owners Association, Inc. shall consist of five (5) members, of which (2) members shall serve three (3) year terms, one member shall serve a two (2) year term and two (2) members shall serve one (1) year terms. The candidates, receiving the two (2) highest vote totals in that election, shall be elected for the three (3) year terms, the candidate receiving the next highest vote totals shall be elected for the two (2) year terms and the candidates receiving the next two (2) highest vote totals shall be elected for the one



year term. This Board shall take office on January 1, 2001. This Board, with any members appointed pursuant to Section 5.6.3 to fill vacancies during the term of such Board, shall constitute the entire Board, as though elected pursuant to Section 5.4. Each member shall serve until his respective term shall expire and until his successor shall be elected at Annual Election Meetings thereafter held pursuant to Section 4.2.

## 5.2 Number and Qualifications

The number of members of the Board of Directors shall be five (5) and shall be elected by the Members of the Association, pursuant to Section 5.4. Each member of the Board shall be either (i) a Member or his spouse or (ii), in the case of a Membership held in either joint ownership pursuant to Section 3.3.2 or by a legal entity pursuant to Section 3.3.3, the designated user specified pursuant to Sections 3.3.2 or 3.3.3, respectively. No Member or his spouse may serve on the Board at the same time nor may such a spouse be appointed to fill a vacancy on the Board occurring pursuant to Section 5.6. No two spouses may serve concurrently as members of the Board of Governors of the Club and the Board of Directors of the Association. No Member or his or her spouse who holds an active North Carolina real estate license may serve on the Board. No Member or Member's spouse may serve on the Board if all Dwelling Units and Lots owned by the Member and/or the Member's spouse are listed for sale.

### 5.2.1 Ex Officio to the Board of Directors

There may, from time to time, be an Ex Officio Advisor to the Board for a period of one (1) year immediately following expiration of such individual's term as President of the POA. The Ex Officio Advisor to the Board shall be a non-voting advisor to the Board and shall be eligible to attend any meetings of the Board, including, if so invited by the POA President, any executive sessions of the Board. The Ex Officio Advisor to the Board shall not be entitled to be elected as an officer of the POA, except as provided in Section 9.1. The Ex Officio Advisor to the Board shall not be taken into account in determining whether a quorum is present pursuant to the terms of Section 6.4, with respect to waiver of notice referred to in Section 6.8, or with respect to any action taken pursuant to Section 6.10 or Section 6.11. Any policies of insurance obtained to protect the Board shall specially provide for inclusion of the Ex Officio Advisor to the Board in such policy(s) and the indemnification of the Board pursuant to Article 16 shall be deemed to extend to the Ex Officio Advisor to the Board.

## 5.3 Nomination of Directors

### 5.3.1 By the Nominating Committee

#### 5.3.1.1 Appointment

Not less than ninety (90) days prior to any Annual Election Meeting of the Association held pursuant to Section 4.2 of these By-Laws and any Annual Election Meeting of the Club held pursuant to Section 4.2 of the By-Laws of the Club, the Board of Directors and Board of Governors of the Club shall agree upon the identity of the persons to be appointed by their respective Boards as members of the Nominating Committee. The names of the members of the Nominating Committee shall be made publicly available as

soon as practicable after their appointment. This Nominating Committee, which shall function as the joint Nominating Committee for the Association and for the Club for the elections to be held at such Annual Election Meetings, shall be comprised of five (5) persons, each of whom shall have owned fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit for at least two (2) years prior to selection to serve on the Nominating Committee, or the spouse of such person. No current member of the Board or of the Board of Governors of the Club or the spouse of such a member, shall be eligible to serve on the Nominating Committee. Members of the Nominating Committee shall be appointed to serve for one annual election and may not be appointed to serve for more than two consecutive annual elections. No member of the Board who participates in the process of selecting the members of the Nominating Committee under section 5.3.1.1 of these By-Laws may be nominated by the Nominating Committee. They may, however, run for reelection by petition, as approved in Section 5.3.2 of these By-Laws.

#### 5.3.1.2 Nominating Committee Process and Procedure

Promptly after its appointment, the Nominating Committee shall commence to solicit indications of interest from Members of the Association, including Members who are not also Equity Members of the Club, and from Equity Members of the Club as to service on either of the Boards and shall conduct such interview and other review processes as it shall deem appropriate. Not less than sixty (60) days prior to each Annual Election Meeting of the Association and of the Club, the Nominating Committee shall nominate, by a majority vote of its members, one or more candidates for each position on the Board of Directors or on the Board of Governors of the Club to be filled by vote of Members of the Association or by Equity Members of the Club, whether by reason of the expiration of a term as of December 31 of the year in which such Annual Election Meeting shall take place or required to be filled by such vote pursuant to Section 5.6.3 or Section 5.6.3 of the By-Laws of the Association. If a vacancy on the Board of Governors or the Board of Directors arises pursuant to Section 5.6.3 of the By-Laws of the Club or the Association, or if a nominated candidate withdraws his candidacy after the Nominating Committee has completed the nominating process but before ballots for the election have been disseminated, the Board shall direct the Nominating Committee to nominate one or more additional candidates if the Nominating Committee finds it reasonably practicable to do so. Each such nominee for election to the Board of Directors shall be a Member of the Association or his spouse and each such nominee for election to the Board of Governors of the Club shall be an Equity Member or his spouse, in either case in good standing and entitled to vote for the election of the Board of Directors of the Association or the Board of Governors of the Club. Each nominee shall submit to the Nominating Committee, for inclusion with the ballot to be furnished pursuant to Section 5.4.1 hereof or Section 5.4.1 of the By-Laws of the Club, a candidate's disclosure statement and an executed Conflict of Interest Policy, both in such form and content as the Board shall deem appropriate.

#### 5.3.1.3 Report of the Nominating Committee

As soon as practicable after the Nominating Committee shall have completed the nomination process pursuant to Section 5.3.1.2, the Nominating Committee shall submit to the Board of Directors a written report listing the names of the candidates, selected by the Nominating Committee, as shall be required to fill the number of vacancies on the Board.

The Nominating Committee shall include with such report the candidates' disclosure statements. A written consent of each nominee to serve, if elected, shall also accompany this report. The Secretary shall, as soon as practicable after receipt of the report of the Nominating Committee, mail, or cause to be mailed, to each Member at his address set forth in the Membership Register and post, or cause to be posted, in a conspicuous place in the Clubhouse of the Champion Hills Club, the list of the candidates nominated by the Nominating Committee.

#### 5.3.2 Nomination by Petition

Ten percent (10%) or more of the total number of Members, none of whom shall be members, or the spouse thereof, of the Nominating Committee or of the existing Board of Directors, may also nominate candidates for election by written petition filed with the Secretary at least thirty (30) days prior to the date of the Annual Election Meeting. Petitions may not be signed in the Clubhouse, except in the Administration Office where petition forms shall be maintained upon the request of petitioning Members. Signatures to petitions may be submitted to the office by mail, facsimile or email. Signatures will be kept confidential. Each such candidate shall meet the eligibility criteria set forth in Section 5.2. A written consent of each candidate so nominated to serve if elected, a candidate's disclosure statement and an executed Conflict of Interest Policy, both in such form and content as the Board shall deem appropriate, shall be filed with the petition. The Secretary shall review the petition to determine whether the requisite number, and eligibility, of the petition signatories have been met; such determination shall be final and binding. The names of such candidates, after having been certified by the Secretary as being eligible for election and having been otherwise validly nominated pursuant to this Section 5.3.2, shall be mailed and posted by the Secretary in the same manner and in the same place in the Clubhouse of Champion Hills Club as the candidates nominated by the Nominating Committee pursuant to Section 5.3.1.3. The names of all the candidates shall be listed in alphabetical order, without indicating whether a nominee was nominated by the Nominating Committee or by petition.

#### 5.4 Election of Directors

##### 5.4.1 Ballot

The Secretary shall prepare, or cause to be prepared, a ballot pursuant to which each Member may vote for the election of directors. The Secretary shall deliver, or cause to be delivered, such ballot in the same manner and at the same time as the form of proxy furnished pursuant to Section 4.9.2. The ballot so provided shall list the names of all nominees in alphabetical order, without indicating whether a nominee was nominated by the Nominating Committee or by petition and shall be accompanied by the candidate's disclosure statements in the form and content provided for in Sections 5.3.1 or 5.3.2. Each ballot shall provide a means whereby each Member may cast his vote in favor of, against or to abstain on each nominee. No Member may cast more than one vote for each of the positions to be filled by vote at the Annual Election Meeting; provided, however, that, if a Member shall hold more than one Membership, such Member may cast the appropriate vote for each such Membership; and provided further that cumulative voting shall not be permitted.

#### 5.4.2 Return and Revocation

Accompanying each ballot, furnished pursuant to Section 5.4.1, shall be a return envelope and instructions as to the completion of the ballot and return envelope in order to assure the confidentiality of the vote cast. The return envelope must be dated and contain sufficient information to determine the authenticity of the enclosed ballot. All ballots shall be returned to the Club at the address specified on the ballot or in the notice of the Annual Election Meeting, attention Secretary, either in person, by facsimile transmission to the number specified on the ballot or the meeting notice or by mail to such address not later than 6:00 PM on the second (2<sup>nd</sup>) preceding day before the day of the meeting, unless the ballot or the notice shall specify a different manner or time, day or place for such return. A duly completed and timely received ballot may be revoked at any time prior to the return date, but such revocation must be in writing executed by the Member or by valid power of attorney and another ballot substituted 14herefore. There shall be no voting by ballot or otherwise from the floor at an Annual Election Meeting.

#### 5.4.3 Tally of Vote and Report of Results

##### 5.4.3.1 Tally of Vote

The Election Committee, established pursuant to Section 7.1.4, shall monitor all aspects of the election, including the manner in which ballots are safeguarded to assure confidentiality of the individual vote cast in the election and, unless the Board shall have appointed one (1) or more independent Tellers specifically for such purpose, shall tally the votes cast in the same manner as the vote by proxy at an Annual Business Meeting or any special meeting on matters other than the election of members of the Board of Governors. At any Annual Election Meeting of Members each candidate shall be elected to serve for a three (3) year term and until his successor is elected and qualified, unless elected to fill the remainder of an unexpired term arising pursuant to Section 5.6.3. If, at any Annual Election Meeting, there are more candidates than positions to be filled, the candidates receiving the highest vote totals shall be deemed elected in descending order until all positions are filled. Any tie in the number of votes received shall be resolved by drawing by lot conducted by the Election Committee or by the independent Teller or Tellers appointed pursuant to this Section 5.4.3.1.

##### 5.4.3.2 Report of Results

The Election Committee, or the independent Teller or Tellers appointed pursuant to Section 5.4.3.1, shall report the results of the election vote at the applicable Annual Election Meeting or at any adjournment thereof and shall otherwise make the results known publicly as soon as practicable, if not at the said Annual Election Meeting.

#### 5.4.4 Challenge; Retention of Ballots

In the event that a Member shall challenge the reported results of any election, the notice provisions of Section 4.9.4 shall apply. The Board of Directors, with the exception of the member or members whose election is challenged, shall immediately review the merits of the challenge and issue its decision within not more than five (5) business days after receipt of the notice. Such decision by the Board shall be final. If a challenge has been filed, the

ballots shall be retained until the challenge is resolved. Otherwise the ballots shall be destroyed by the fifteenth (15<sup>th</sup>) day after the Annual Election Meeting.

#### 5.5 Term of Office

The terms of the members of the Board of Directors elected to take office on January 1, 2001 shall be as set forth in Section 5.1 and shall expire as set forth therein. Each such initial term shall expire on December 31 of the last year of such term. Upon the expiration of such initial terms, each successor governor elected pursuant to Section 5.4 shall serve for a three (3) year term, except in the case of a governor elected to fill the remainder of an unexpired term arising pursuant to Section 5.6.3 in which case the term so served shall be that of the vacant position. Each of such terms shall begin on January 1 of the year following his election and shall expire on December 31 of the last year of said term and until his successor shall be elected and qualified pursuant to Section 5.4. No director shall serve more than two (2) consecutive three (3) year terms, except that no director appointed or elected for less than an initial three (3) year term shall be eligible to serve more than two (2) consecutive additional three (3) year terms. A director, who shall have served two (2) consecutive three (3) year terms, shall be eligible for nomination and election to the Board after a two (2) year absence.

#### 5.6 Removal, Resignation and Vacancies

##### 5.6.1 Removal

###### 5.6.1.1 By POA Members

Any member of the Board of Directors, elected by the Members pursuant to Section 5.4, may, by a majority of the votes cast by POA Members entitled to vote, be removed from office with or without cause at a special meeting duly called and noticed pursuant to Sections 4.3 and 4.5; provided, however, that specific and detailed written notice of such proposed action, including the alleged reasons for such removal action, shall have been given to such director not less than fifteen (15) days prior to the furnishing of the notice of such meeting to Members. Such director shall have the opportunity to prepare a response thereto, which shall be furnished to Members with the notice of such meeting. Any vacancy thus occurring shall be filled pursuant to Section 5.6.3

###### 5.6.1.2 By the Board of Directors

Upon a determination by the Board of Directors that a director (a) shall have engaged in acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of law, (b) shall have engaged in any transaction from which improper personal benefit is, or has been, derived, (c) shall have been absent, without excuse, from more than three (3) regularly scheduled Board meetings during any twelve (12) month period or (d) shall be delinquent in the payment, for a period of thirty (30) days, of any annual assessments levied pursuant to Sections 11.2 and 11.3, such director may, after due notice to such director, be removed from office by a two-thirds (2/3rds) vote of the remaining directors, effective on such date as the Board shall establish in such removal action. Any vacancy thus occurring shall be filled pursuant to Section 5.6.3.

### 5.6.2 Resignation

A director may resign at any time by delivery of written notice to such effect to the Board of Directors, attention of the Secretary. Unless otherwise specified in such notice, such resignation shall become effective upon receipt. A director shall be deemed to have resigned without further action of the Board if the director fails to meet any of the qualifications for Board membership stated in Section 5.2. In addition, should a director die while in office, that director shall be deemed to have resigned on the date of such death. Any vacancy occurring on the Board for any reason shall be filled pursuant to Section 5.6.3.

### 5.6.3 Vacancies

Any vacancy, that shall occur on the Board of Directors by reason of removal or resignation pursuant to Sections 5.6.1 or 5.6.2, shall be promptly filled by a majority vote of the remaining directors, even if less than a quorum; such appointment shall take effect as of the date of the vacancy. Each director so appointed shall serve until his successor is elected at the next Annual Election Meeting pursuant to Section 5.4 for which meeting ballots have not yet been disseminated. In the event that a temporary vacancy shall occur on the Board due to sickness or other disability of a governor, the remaining directors may appoint a substitute director until such director resumes his duties.

### 5.7 Compensation and Expenses

No member of the Board of Directors shall be entitled to any compensation or other benefit for the performance of his duties; provided, however, that a director may be reimbursed for his reasonable expenses incurred in such performance, if authorized by the majority vote of the disinterested directors present at a meeting when such vote is taken. Nothing in this Section 5.7 shall prohibit the Association from entering into a written contract, agreement or other arrangement with a director or any entity with which a director is affiliated, provided that the interest of such director was made known to the Board in writing prior to entering into such contract, agreement or arrangement and that such contract, agreement or arrangement was approved by the unanimous vote of the disinterested directors.

## **6. Meetings of the Board of Directors**

### 6.1 Annual Organizational Meeting

The Board of Directors shall hold its annual organizational meeting not later than three (3) business days after its term of office shall commence pursuant to Section 5.5. At this meeting the Board shall (i) elect officers to serve for the ensuing twelve (12) month period, (ii) appoint the Chair and members of the Standing Committees provided for in Section 7.1 and (iii) establish such Operational and Ad Hoc Committees, as the Board shall deem necessary and appropriate, and designate the Chairs and members thereof. The Board may take action at this meeting on such other matters as shall be properly before it for action.

### 6.2 Regular Meetings

The Board of Directors shall adopt, at its annual organizational meeting held pursuant to Section 6.1, and make publicly available, a formal meeting schedule for the next twelve

(12) month period, indicating the dates, times and places thereof. A written agenda of matters to be discussed and/or acted upon at the meeting shall be furnished to each director at least two (2) days prior to each such meeting. Insofar as practicable, this notice and agenda shall be made publicly available. In addition to its annual organizational meeting held pursuant to Section 6.1, the Board shall meet not less than once each calendar month; provided, however, that the Board may, at any meeting, cancel any single subsequent meeting, or adopt a different date, time or place for any subsequent meeting or meetings. In such event the Board shall make such cancellation or new meeting date, time or place publicly available.

### 6.3 Special Meetings

Special meetings of the Board of Directors may be called by the President or at the request of two (2) directors upon not less than twenty-four (24) hours prior notice; such notice may be given in person, by telephone or by facsimile transmission. All notices of special meetings shall state (i) the place, date and time of the special meeting and (ii) the purpose or purposes of the meeting. Insofar as practicable, such notice shall be made publicly available.

### 6.4 Quorum

A majority of the members of the Board of Directors in office shall constitute a quorum for the transaction of business at the annual organizational meeting or at any regular or special meeting and the acts of the directors present at such meeting, at which a quorum is present, shall be deemed to constitute the acts of the entire Board. If, at the commencement of the annual organizational or any regular or special meeting of the Board, a quorum is not present, such meeting shall be adjourned until a quorum is present. At the reconvened meeting, if a quorum shall be present, any business that might have been conducted at the meeting originally called may be conducted without further notice. However, the withdrawal of one or more directors during the course of a meeting at which a quorum was initially present resulting in the absence of a quorum shall not affect the right of such meeting to continue to transact business, provided that not less than a majority of the required quorum pursuant to this Section shall be present at all times.

### 6.5 Attendance By Members

The annual organizational meeting and all regular and special meetings of the Board of Directors shall be open to Members. However, no Member present may participate in any discussions or deliberations of the Board, although the President, as Chair of the meeting, may, in his sole discretion, permit a Member present to speak on any matter under discussion, but the length of time and number of instances when such Member may speak, may, in the sole discretion of the President, be limited. The Board may also grant a Member a right to speak upon submission of a written request not less than twenty-four (24) hours in advance of the meeting, subject to the limitations of this Section 6.5. Such request shall set forth in reasonable detail the subject matter that such Member intends to discuss. Nothing in this Section 6.5 shall affect the participation of the Chairs, or their designees, of any Standing, Operational or Ad Hoc Committee, if not a director, in any meeting of the Board held pursuant to Sections 6.1, 6.2 or 6.3.

#### 6.6 Adjournment for Executive Session

Notwithstanding the provisions of Section 6.5 above, the President may adjourn any meeting of the Board of Directors at any time and reconvene in executive session, excluding any Members or other individuals present, to discuss matters deemed by the President, in his sole discretion, to be of a sensitive nature, including, but not limited to, personnel matters, membership disciplinary matters, or litigation in which the Association is or may become involved.

#### 6.7 Presumption of Assent

A director, who is present at a meeting at which action is taken on a matter properly before the meeting, shall be presumed to have assented to the action, unless a formal dissent or refusal to vote is entered in the minutes of the meeting or unless such director either (i) objects at the beginning of the meeting (or promptly upon his arrival) to the holding of the meeting or to the transaction of any business thereat, (ii) files a written dissent to such action with the individual acting as the presiding officer of the meeting before adjournment thereof or (iii) forwards such written dissent by certified mail or hand delivery to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who shall have voted in favor of such action.

#### 6.8 Waiver of Notice

When all the directors are present at a meeting of the Board of Directors, however called or noticed, and they sign a written consent thereto that becomes a part of the records of such meeting, or if a majority of the directors are present and those not present sign a written waiver of notice of such meeting, either prior to or after such meeting, and such waiver is filed with the Secretary, the transactions taken at such meeting are as valid as if they had occurred at a meeting duly called and noticed. A director's attendance at, or participation in, any meeting waives any required notice, unless he, at the beginning of the meeting (or promptly after his arrival), objects to the holding of the meeting or the transaction of any business at the meeting and does not vote for, or assent to, any action taken at the meeting.

#### 6.9 Conduct of Meetings and Participation

The President shall preside over all meetings of the Board of Directors and the Secretary shall keep and maintain, or cause to be kept and maintained, a written record of each meeting for inclusion in the minute book of the meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings. One or more directors may participate in, and vote at, any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all who participate in the meeting can hear each other at the same time. Directors participating in such manner shall be counted as present, in person, for quorum and action purposes. Any such meeting, at which a quorum participates, shall constitute a meeting of the Board.

#### 6.10 Vote Required for Action



Unless otherwise specified herein, a majority vote of all directors in office when an action is taken, is required for the passage or defeat of any matter properly before any meeting of the Board of Directors.

#### 6.11 Action Taken Without a Formal Meeting

Any action to be taken at a duly called and noticed meeting of the Board of Directors, or any action that may be taken at such a meeting, may be taken without a meeting if a written consent, setting forth the action so taken, shall be signed by all of the directors. Such consent shall have the same force and effect as a unanimous vote thereon and shall become part of the records of meetings of the Board maintained by the Secretary pursuant to Section 6.9 above. Any action taken pursuant to this Section 6.11 is effective when the last director signs the consent, unless the consent shall specify a different effective date.

### **7. Committees of the Board of Directors**

#### 7.1 Standing Committees

At its annual organizational meeting held pursuant to Section 6.1, the Board of Directors shall, with respect to the Standing Committees enumerated in this Section 7.1, appoint the members thereof, including the Chair, who may, but is not required to, be a director, unless specifically provided for elsewhere in these By-Laws, and shall designate, from time to time, the duties, powers and responsibilities of the Committee, unless such duties, powers and responsibilities shall be set forth elsewhere in these By-Laws. No member of a Standing Committee shall serve more than three (3) consecutive one year terms. The Standing Committees are as follows:

- 7.1.1 An *Executive Committee*, consisting of not more than three (3) members of the Board of Directors. The members of the Executive Committee may, but do not need to, be principal officers of the Association, except that the President shall be the Chair. The Executive Committee shall have the power to act in lieu of the full Board, unless such action is, by statute, law or earlier resolution of the Board, specifically reserved for action by the full Board. All actions and resolutions of the Executive Committee require unanimous approval and shall be ratified at the next meeting of the Board.
- 7.1.2 A *Finance Committee*, consisting of not less than five (5) persons jointly appointed by the Board of Directors and the Board of Governors of the Club, not less than three (3) of which shall be Equity Members of the Club. A spouse of a Member of the Association or an Equity Member of the Club, who is not a member of the Board of Governors or a member of the Board, may serve on the Finance Committee. This Finance Committee shall function as a joint Finance Committee of the Association and of the Club. The Treasurer of the Association and the Treasurer of the Club shall be Co-Chairs of the Finance Committee, unless such offices are held by the same person, in which event he shall act as Chair. This Finance Committee shall have such duties, powers and responsibilities as are incident or related to the financial affairs of the Association and of the Club, including, but not limited to,

insurance, tax returns and payments, operating and capital budgets and periodic reports on the financial condition of the Association and of the Club (actual and versus budget). The Finance Committee may, if so directed by the Board of Directors and the Board of Governors of the Club, perform the functions normally performed by an audit committee for both the Association and the Club.

- 7.1.3 A *Nominating Committee*, consisting of five (5) persons as set forth in Section 5.3.1. The manner and time of the appointment, as well as the duties, powers and responsibilities, of the members of the Nominating Committee shall be as set forth in Section 5.3.1.
- 7.1.4 An *Election Committee*, consisting of not less than three (3) persons, at least two (2) of whom shall be Equity Members of the Club or the spouse of an Equity Member. The President of the Board of Directors and the President of the Board of Governors of the Club shall, after consultation with the respective Boards and not less than thirty (30) days prior to any election, appoint the members of the Election Committee and, from its members, shall appoint a Chair. The duties, powers and responsibilities, of the members of the Election Committee, with respect to the election of members of the Board of Directors, shall be as set forth in Section 5.4.
- 7.1.5 A *Grievance, By-Laws and Legal Committee*, consisting of not less than five (5) persons jointly appointed by the Board of Directors and the Board of Governors of the Club. Certain of the duties, powers and responsibilities of the Grievance, By-Laws and Legal Committee shall be as set forth in Section 12.2 of these By-Laws and in Section 14.2 of the By-Laws of the Club. Additional duties and powers include (i) interpreting these By-Laws and the By-Laws of the Club, the respective Rules and Regulations of the Association and of the Club, and the *Covenants*, subject, in each instance, to the provisions of Section 8.2.3 and (ii) providing advice on matters of a general legal nature to the Board of Directors and to the Board of Governors of the Club, to any Committees thereof and to Association and Club management.

## 7.2 Operational Committees

The Board of Directors, at its annual organizational meeting held pursuant to Section 6.1, may, in its sole discretion, establish one (1) or more Operational Committees and assign duties, powers and responsibilities in excess of those set forth hereinafter. The number of members of each Operational Committee shall be established by the Board; the Board shall appoint the Chair, who may be other than a director, and the members of each such Operational Committee; all members of such Operational Committees shall be Members of the Association or the spouse thereof. In the event that the Chair of an Operational Committee shall not also be a director, the President shall designate a director as the liaison to such Operational Committee. No member of an Operational Committee shall serve more than three (3) consecutive one year terms. The Operational Committees may include, but shall not be limited to, the following:

- 7.2.1 An *Architectural Review Committee*, which, notwithstanding the provisions of Section 7.2, may include one (1) or more independent architects, engineers or similar professionals. The Committee shall advise the Board with respect to (i) the Committee's administration of the guidelines and procedures set forth in the *Design Guidelines for Champion Hills*, established, and as may be supplemented and amended from time to time, by the Board, for all applications for construction and modifications of Dwelling Units, (ii) the grant of variances from such guidelines and procedures, (iii) the monitoring of construction sites and developed and vacant Lots and (iv) the enforcement of the provisions of such guidelines and procedures.
- 7.2.2 A *Roads and Landscaping Committee*, which will advise the Board, with the advice of the General Manager, with respect to the maintenance and repair of all Areas of Responsibility, including, but not limited to, roads, roadsides, parks and structures, and on all landscape planning, after consultation with the *Architectural Review Committee* established pursuant to Section 7.2.1 and of these By-Laws, and the *Greens Committee* established pursuant to Section 7.2.3 of the By-Laws of the Club.
- 7.2.3 A *Neighborhoods Committee*, consisting of one representative from each neighborhood or from such neighborhoods as may have been combined for representation purposes pursuant to Section 2 of Article II of the *Covenants*. The Neighborhoods Committee shall advise the Board, with the advice of the General Manager, on landscaping, neighborhood appearance, exterior maintenance (where applicable) and other issues relating to the neighborhoods.
- 7.2.4 A *Security Committee*, which will also advise the Board, with the advice of the General Manager on all matters relating to security at Champion Hills.
- 7.2.5 A *Welcome & Orientation Committee*, jointly appointed by the Board of Directors of the Association, and the Board of Governors, which will advise the Boards, with the advice of the General Manager, on matters concerning welcoming prospects and new members to the Club and community, orienting and exposing them to the amenities and activities available, and helping them to integrate into the Champion Hills Lifestyle.

### 7.3 Ad Hoc Committees

The President may, subject to the approval of the Board of Directors, establish, from time to time, one or more Ad Hoc Committees with such powers and duties as the President shall determine at the time of establishment. At that time the President shall appoint the Chairman and such number of members as may be appropriate for the work of such Ad Hoc Committee. Any Member of the Association or the spouse of a Member is eligible to serve on an Ad Hoc Committee. Unless such Ad Hoc Committees shall be established with a shorter finite term, the term of all such Ad Hoc Committees shall end as of the date of the next annual organizational meeting of the Board held pursuant to Section 6.1.

#### 7.4 Meetings of Committees; Limitations on Committee Action

The provisions of this Section 7.4 shall apply to any meeting of a Standing, Operational or Ad Hoc Committee. No such Committee shall (i) authorize distributions, (ii) recommend to Association Members, or approve, any dissolution or merger of the Association or the sale, pledge or transfer of all, or substantially all of the assets of the Association, (iii) elect or remove directors or fill vacancies on the Board or on any committee, or (iv) alter, amend change, modify or restate the Articles or these By-Laws.

##### 7.4.1 Chair, Quorum and Attendance by Committee Members

Meetings shall be presided over by the Chair of the committee appointed by the Board. If the Chair is unavailable, he may designate a committee member to act as Chair. A majority of the members of the committee shall constitute a quorum for the transaction of business at any committee meeting. If, at the commencement of any committee meeting a quorum is not present, such meeting shall be adjourned until a quorum is present. The withdrawal of one or more committee members during the course of a meeting at which a quorum was initially present resulting in the absence of a quorum shall not affect the right of such meeting to continue to transact business, provided that not less than a majority of the quorum required pursuant to this Section shall be present at all times. Committee members may participate in, and vote at, any committee meeting by telephone conference call or similar communication equipment by means of which all who participate in the meeting can hear each other at the same time. Members participating in such manner shall be counted as present, in person, for quorum and action purposes.

##### 7.4.2 Minutes

The Chair of the committee shall appoint a Secretary who shall keep minutes of committee meetings. The minutes shall be maintained at the office of the Association. The minutes shall indicate the committee members in attendance, absent and excused, and all other persons in attendance. The minutes shall also include all resolutions adopted by the committee and all transactions and proceedings occurring at the meeting.

##### 7.4.3 Attendance by Association Members

Committee meetings shall be open to Association Members. However, no Association Member present may participate in any discussions or deliberations of the committee, although the Chair of the meeting, may, in his sole discretion, permit an Association Member present to speak on any matter under discussion, but the length of time and number of instances when such Association Member may speak, may, in the sole discretion of the Chair, be limited. The Chair may also grant an Association Member a right to speak upon submission of a written request not less than twenty-four (24) hours in advance of the meeting, subject to the limitations of this Section 7.4.3. Such request shall set forth in reasonable detail the subject matter that such Association Member intends to discuss.

##### 7.4.4 Adjournment for Executive Session

Notwithstanding the provisions of Section 7.4.3 above, the Chair may adjourn any committee meeting at any time and reconvene in executive session, excluding any non-committee member present, to discuss matters deemed by the Chair, in his sole discretion, to be of a sensitive nature, including, but not limited to, personnel matters, membership disciplinary matters, or litigation in which the Association is or may become involved.

#### 7.4.5 Vote Required for Action

A majority vote of all Committee members present at a duly constituted meeting is required for action by the Committee.

#### 7.5 Committee Membership

No Member, whose right to vote shall have been suspended pursuant to Section 12.4 or who shall be delinquent in the payment of any assessments or other charges levied by the Board of Directors and the provisions of Article X of the *Covenants* shall have become operative with respect to such delinquency, or the spouse of such a Member, shall be eligible to serve on any Standing, Operational or Ad Hoc Committee. In addition to its authority with respect to appointment of the members and Chairs of any Standing, Operational or Ad Hoc Committees pursuant to Section 7.1, 7.2 and 7.3 above, the Board of Directors shall have the authority, at any time and in its sole discretion, to add members to, remove existing members from, or replace existing members on, any such committees, except as may be specifically limited by this Section 7.

## **8. Powers of the Board of Directors**

### 8.1 Management of the Association

The Board of Directors shall exercise all powers of a board of directors in the management of a homeowners or property owners association, including corporate powers as are generally exercised or permitted to be done or performed by nonprofit corporations to the fullest extent permitted by law or statute in North Carolina, and more particularly under the North Carolina Nonprofit Corporation Act, by the Articles, by the *Covenants* and by the provisions of these By-Laws and shall do all things and take all acts necessary to carry out the purposes of the Association.

### 8.2 Duties and Powers

#### 8.2.1 Governance

In addition to the general powers and authorities vested in the Board of Directors pursuant to Section 8.1, the Board shall have the authority to (i) elect the officers of the Association pursuant to Section 9, (ii) act with respect to the Executive, Finance, Nominating, Election, and Grievance, By-Laws and Legal Committees pursuant to Section 7.1 and the Operational Committees established pursuant to Section 7.2, (iii) establish Ad Hoc Committees, appoint the Chair of any Standing or Ad Hoc Committee, and assign Ad Hoc Committee functions and duties, all pursuant to Section 7.3, (iv) establish the record and voting entitlement dates for meeting of Members pursuant to

Sections 4.5 and 4.9.1, (v) fill vacancies occurring for any reason on the Board for the balance of the unexpired term or terms thereof and (vi) exercise all other authority, including emergency powers, pursuant to pertinent provisions of the North Carolina Nonprofit Corporation Act.

#### 8.2.2 General Manager

The Board of Directors and the Board of Governors of the Club shall have the authority (i) to hire a General Manager and, from time to time, fix his salary and benefits package and (ii) to delegate to said General Manager such authority as, in their opinions, shall be necessary and appropriate for the proper operation and management of the Association and the Club, as shall be more specifically set forth in Section 10.

#### 8.2.3 Rules and Regulations; By-Laws

The Board of Directors shall have the authority to adopt, and thereafter alter, amend, change modify or restate in whole or in part, Rules and Regulations, to the extent not inconsistent with these By-Laws, governing observance of the Covenants and the use of the Common Area by, and the conduct and deportment of, Members, their families, guests and others. The Board shall also have the authority to alter, amend, change, modify or restate the By-Laws pursuant to Section 14 and to interpret and construe the provisions of the By-Laws and the Rules and Regulations that appear to be in conflict or of doubtful meaning, such interpretation to be final, binding and conclusive.

#### 8.2.4 Budgets; Fees and Assessments

The Board of Directors shall review, approve and adopt annual and interim budgets for the operation of the Association. The Board shall also establish, from time to time, and make publicly available to Members schedules for the amount of the Annual Base and Neighborhood Assessments and such other fees and charges as may be appropriate.

#### 8.2.5 Financial Management

The Board of Directors shall have the authority (i) to expend funds of the Association to the extent of the monies in the Association treasury and in receivables from Members and others, (ii) to make contracts and agreements for improvements to and the proper maintenance and operation of the Association and the Common Areas, (iii) to borrow money and incur indebtedness for the purposes of the Association and (iv) to cause promissory notes, bonds, mortgages and other evidences of indebtedness to be executed and issued; provided that (a) the mortgage of any of the Common Areas, (b) the commitment to any single improvement project in excess of Seventy Five Thousand Dollars (\$75,000) or two or more improvement projects totaling One Hundred Fifty Thousand Dollars (\$150,000) in any one calendar year (c) any unsecured borrowings in excess of One Hundred Fifty Thousand Dollars (\$150,000) or (d) the merger with, or acquisition of, any corporation or entity shall require the prior approval of a majority of the votes cast by the Members entitled to vote.

#### 8.2.6 Insurance

The Board of Directors shall secure and maintain in effect at all times, if generally available at a reasonable cost, the following types of insurance policies: (i) Blanket "all-risk"

property insurance for and on all Common Areas or, alternatively, fire and extended coverage, including coverage for vandalism and malicious mischief, in each case on a full replacement cost basis, (ii) public liability insurance with at least a One Million Dollar (\$1,000,000) combined single limit in respect of bodily injury and property damage and at least Three Million Dollar (\$3,000,000) limit per occurrence and in the aggregate, (iii) workers' compensation insurance, (iv) directors' and officers' liability insurance, (v) flood insurance, if appropriate, (vi) crime insurance, including Employee Dishonesty coverage or, alternatively, a fidelity bond or bonds, for persons responsible for handling Association funds, (vii) the insurance contemplated by Section 13.5 and (viii) such other insurance coverages as the Board shall deem necessary and appropriate in the circumstances. To the extent obtainable each policy should (a) have reasonable deductibles, (b) be written by a company authorized to do business in North Carolina, (c) contain standard waiver of subrogation provisions and (d) provide for thirty (30) days prior written notice of cancellation, substantial modification or non-renewal.

#### 8.2.7 Contracts, Leases and Operating Agreements

Any contract, lease or other type of operating agreement entered into with a third party for the performance of services for the Association shall contain provisions that, should the Board of Directors, in its sole discretion, so determine to be appropriate, require such third party to secure and maintain in full force and effect during the terms thereof adequate liability and worker's compensation insurance coverages.

### **9. Officers**

#### 9.1 Number and Term

The principal officers of the Association shall be the President, the Vice President, the Treasurer and the Secretary. The President and the Vice President shall be directors; the Treasurer and the Secretary may, but are not required to, be directors. The positions of Treasurer and Secretary may be held by one person, in which event such person shall be a director. The principal officers shall be elected by the Board of Directors at its annual organizational meeting held pursuant to Section 6.1 and shall serve for a term of one year following their election or until their successors are elected or appointed, as the case may be. A principal officer may serve successive one year terms, except that the President shall serve no more than two (2) consecutive terms. After January 1, 2002 the President shall have served on the Board for at least one year prior to his election as President. The election of any principal officer or the appointment of any additional or assistant officer does not of itself create any contract rights in such person. The Board may, from time to time, appoint, and fix the duties and responsibilities of, such additional or assistant officers as it shall deem necessary and appropriate. Such additional or assistant officers may, but do not have to be, members of the Board or even of the Association and shall serve until the next annual organizational meeting of the Board.

#### 9.2 President

The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of Members and at all meetings of the Board of Directors. The President shall have the primary responsibility for the enforcement and observance of the provisions of

these By-Laws and for compliance with all Rules and Regulations in effect from time to time. The President may call special meetings of the Members pursuant to Section 4.3 and shall call all meetings of the Board of Directors, except as provided in Section 6.3. The President is empowered, without specific resolution of the Board, to execute all papers and documents which require such execution by, or in the name of, the Association. The President shall be the Chair of the Executive Committee and an ex-officio member of the Finance Committee and of any Operational Committees or Ad Hoc Committees established by the Board pursuant to Sections 7.2 and 7.3 respectively. In the event that circumstances of an emergency nature or ones not otherwise provided for in these By-Laws shall arise requiring immediate action and a special meeting of the Board can not be called pursuant to Section 6.3, such action may be taken by the President without specific authorization from the Board at the time; such action shall, in all cases, be subject to ratification by the Board as soon as reasonably practicable.

### 9.3 Vice President

The Vice President shall perform such duties as may be assigned by the President. The Vice President shall perform the duties and responsibilities of the President in the absence or other disability of the President.

### 9.4 Treasurer

#### 9.4.1 Funds

The Treasurer shall oversee the collection, custody and disbursement, under the direction of the Board of Directors, of all monies and funds, of whatsoever nature, due to or held by the Association. The Treasurer shall deposit, or cause to be deposited, all monies of the Association in one or more accounts or investment instruments in the name of the Association in, or with, such financial institutions as shall be designated by the Board.

#### 9.4.2 Accounts and Records

The Treasurer shall keep, or cause to be kept, the regular books of account and financial records of the Association and shall prepare, or cause to be prepared, for submission to the Board of Directors, any proposed budgets and financial statements, when and in the form requested by the Board. These financial statements, prepared in accordance with General Accepted Accounting Principles, shall include appropriate annual or periodic standard income statements, cash receipts and disbursement statements, variance (actual versus budget) reports, balance sheets, Member delinquency status reports and such other information as the Board may reasonably require. The Treasurer shall prepare, or caused to be prepared, written annual or periodic reports as to the financial condition and transactions of the Association for presentation at the Annual Business Meeting held pursuant to Section 4.1 and, as directed by the Board, at meetings of the Board. Such annual reports shall be audited by an independent public accounting firm selected by the Board.

### 9.5 Secretary

The Secretary or, in the absence of the Secretary, an Assistant Secretary appointed pursuant to Section 9.1, shall have the responsibility and authority to keep, maintain and authenticate the records of the Association and the minutes of all meetings of Members and all meetings



of the Board of Directors. The Secretary shall maintain, or cause to be maintained, the Membership Register showing the names and addresses of all Members of the Association and an additional register showing the names and addresses of the directors and officers, elected or appointed pursuant to Section 9.1. The Secretary shall give, or cause to be given, all notices required by the provisions of these By-Laws and shall also have custody of the Seal of the Association, if any.

#### 9.6 Resignation, Removal and Vacancies

Any principal officer may resign at any time during his term upon tendering a written notice of resignation to the Board of Directors to be effective upon receipt or at such time as shall be specified in such notice. Such resignation does not affect any contract rights that the Association may have with such officer. A principal officer may be removed from office, with or without cause at any time and for any reason whatsoever, by a majority vote of the Board. Such removal does not affect any rights that such officer may otherwise have with the Association. Any vacancy, thus created, may be filled, as of the effective date of such resignation or removal, by the Board from its members or otherwise at a meeting called for such purpose for the remainder of the unexpired term of such officer. Notwithstanding the foregoing provisions of this Section 9.6, the Board may, in its discretion, elect an acting or temporary officer to fill the vacancy so occurring and may enlarge or limit the duties and responsibilities, but not the term, of any officer so elected.

#### 9.7 Compensation and Expenses

##### 9.7.1 Principal Officers

No principal officer shall be entitled to any compensation or other benefit for the performance of his duties; provided, however, that a principal officer may be reimbursed for his reasonable expenses incurred in such performance, if authorized by the majority vote of the members of the Board of Directors present at a meeting when such vote is taken. Any such officer, who is also a member of the Board, shall refrain from such vote.

##### 9.7.2 Assistant Officers

An assistant officer appointed pursuant to Section 9.1 shall be entitled to such compensation and other benefits and to reimbursement for his reasonable expenses incurred in the performance of his duties as shall be authorized by the Board of Directors, unless such assistant officer shall already be an employee of the Club, in which case no additional compensation, benefit or reimbursement of expenses shall be payable for such performance, except as may be otherwise specifically provided for.

## **10. General Manager**

### 10.1 Duties, Powers and Responsibilities

#### 10.1.1 General

The General Manager shall be the chief operating officer of the Association, reporting in that capacity to the President. The General Manager shall administer the affairs of the

Association through implementation of policy directives adopted, from time to time, by the Board of Directors and shall also administer and enforce such Rules and Regulations, as shall have been established from time to time by the Board, so as to accomplish the goals and objectives of the Association.

#### 10.1.2 Attendance at Meetings

The General Manager shall, at the invitation of the Board of Directors, attend all meetings of the Board and, at the invitation of the Chair thereof, the General Manager, or his designee, shall attend all meetings of the Executive and Finance Committees and of any Operational or Ad Hoc Committees established pursuant to Section 7. The General Manager shall have no vote at such meetings but shall consult with the Board and with the committees of the Board on the development of programs and procedures.

#### 10.1.3 Organizational Plan

The General Manager shall develop for approval by the Board of Directors an organizational plan, including programs, procedures, personnel requirements, system specifications and equipment necessary to provide the services required in and for the operation of the Association. The General Manager shall have the authority to implement the approved organizational plan, but must request approval from the Board for any major changes thereto.

#### 10.1.4 Budgets

The General Manager, with appropriate assistance from pertinent Board committees and staff, shall assist the Finance Committee, established pursuant to Section 7.1.2, in the preparation of an operational plan and budget for the next succeeding calendar year for submission to, and approval by, the Board of Directors. Upon such approval, the General Manager shall have the authority to implement such plan and budget. The General Manager shall review the operational activities of the Association at each regular meeting of the Board and shall prepare an annual report for the Board as to existing and anticipated operating and capital requirements with a forecast of expenses and income for such period or periods as shall be determined by the Board. At the direction of the Board, the General Manager shall also provide information, on a periodic basis, to the Members of the Association with respect to the financial status of the Association.

## **11. Assessments**

### 11.1 Procedure

The Board of Directors, in accordance with, and pursuant to, the provisions of Article X of the *Covenants*, said provisions being hereby incorporated herein by reference as if set forth in their entirety to the extent not inconsistent with other provisions of the By-Laws, and in conjunction with the preparation of annual budget of, and for, the Association, shall establish and levy annual Base and Neighborhood Assessments in such amounts as shall be necessary to meet the total budgeted amounts of Common Expenses and Neighborhood Expenses, respectively. The Board may also, from time to time, levy Special or Specific Assessments all as more particularly set forth in said Article X.

### 11.2 Payment

The annual Base Assessment and any Neighborhood Assessment levied pursuant to Section 11.1 shall be due and payable in advance on the first day of the fiscal year of the Association, unless, at such time as such assessments are levied, the Board shall establish and publish another manner and time of payment, including, but not limited to, payment in installments. The payment of any Special or Specific Assessment shall be established by the Board at the time of the assessment thereof. The consequences of any delinquency in payment or any other form of non-payment shall be as set forth in Article IV and X of the *Covenants*.

### 11.3 Exemption from Payment of Assessments

The Club shall not be responsible for payment of any Base Assessment or any Special or Specific Assessment levied by the Board of Directors pursuant to Section 11.1, except as shall be set forth in the *Declaration of Easements and Covenant to Share Costs*, dated March 20, 1992, and incorporated herein by reference.

### 11.4 Special Payment Schedules and Waivers

The Board of Directors shall have the authority, in the case of hardship or other unusual circumstances, to adopt special payment schedules and waivers from payment schedules established pursuant to Article X of the *Covenants*, when, in its opinion, such special payment schedules and waivers are appropriate or to take such other action as fairness and equity so require.

### 11.5 Reinstatement

Upon full payment of all past due assessments and related late charges, if any, and other sums associated therewith, the Member of the Association, subject to the sanctions set forth in Article X of the *Covenants*, shall, after approval vote of the Board of Directors, be entitled to be reinstated to the full rights and privileges, as well as the duties and obligations, of a Member of the Association.

## **12. Discipline**

### 12.1 Authority

Any Member, whose conduct or that of a member of his immediate family or of any guest, invitee or any occupant of the Dwelling Unit of such Member shall be deemed by the Board of Directors to be improper, disruptive or likely to endanger the welfare, safety, harmony or good reputation of the Association, any employee of the Club or any one or more other Members of the Association, may be reprimanded, fined or have all or certain of his Membership rights, including but not limited to, his right to vote or to use of the Common Areas, suspended. The Board shall be the sole judge of what constitutes improper or disruptive conduct or conduct likely to endanger such welfare, safety, harmony or good reputation.

## 12.2 Action by the Board of Directors

### 12.2.1 Investigation and Notice

Any accusation against a Member that may result in disciplinary action pursuant to this Section 12, must be made in a formal written, signed complaint directed to the Grievance, By-Laws and Legal Committee, which will then investigate the facts relevant to the complaint. Upon completion of such investigation, the Grievance, By-Laws and Legal Committee shall present the conclusions of such investigation and its recommendations to the Board. The Board shall review these conclusions and recommendations and, should it determine that such Member may thereupon become the subject of disciplinary action, it shall notify such Member in writing that it has under consideration such disciplinary action, including the full particulars of the matter that would support such proposed action. The notice shall either be mailed, certified mail return receipt requested, to the address of such Member as it appears on the Membership Register or delivered by hand to, and received by, a responsible person at such address accompanied by an appropriate receipt acknowledgement for execution and return. This notice shall afford such Member the opportunity to be heard by the Board and to present evidence on the matter.

### 12.2.2 Hearing

If such Member shall desire to be heard, he must file a written request to such effect with the Secretary within ten (10) days after receipt of such notice. If no such request is received, the Board shall determine what, if any, action shall be taken consistent with this Section 12. If such a request is timely received, the Board shall set a date, time and a place for the hearing and shall furnish to such Member written notice thereof. While such disciplinary action is being considered, such Member shall be entitled to continued use of the Common Areas. Following the conclusion of such hearing, the Board shall determine what, if any, action shall be taken consistent with this Section 12 and shall notify such Member of its decision.

### 12.3 Reprimand and Fine

The Board of Directors, following the procedures set forth in Section 12.2, may take whatever action it shall, in its sole discretion, determine is appropriate in the circumstances, including, but not limited to, an election to take no action, the issuance of a private letter of reprimand or imposition of a fine in such amount as shall be finally determined by the Board. Such fine, upon imposition, shall constitute a lien on the Lot or Dwelling Unit of such Member.

### 12.4 Suspension

The Board of Directors may, alternatively, suspend the right of a Member to vote or may suspend the Member, a member or members of his immediate family, his guest or guests or invitees or occupants of his Dwelling Unit from some or all of the use of the Common Areas enjoyed by such Member for a period of time up to one year upon finding that such Member, immediate family member or guest shall have engaged in improper or disruptive conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Association, any employee of the Club or the Association or of any other Member. All

unpaid assessments theretofor levied shall continue to accrue during such suspension and must be paid in full prior to reinstatement at the end of such period of suspension.

#### 12.5 Additional Rights

Notwithstanding any other rights that the Board of Directors shall have elsewhere in these By-Laws, the Board may elect to enforce any provision of these By-Laws, the Rules and Regulations or the *Covenants* by self-help or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the foregoing provisions of Section 12. In any such abatement action, the Member shall be responsible for all costs associated with such action, including any reasonable attorneys' fees actually incurred.

### **13. Indemnification**

#### 13.1 General

Except as otherwise provided in this Section 13 and in accordance with the pertinent provisions of the North Carolina General Statutes, the Association shall indemnify and hold harmless any and all persons, who may be serving, or may have served at any time, as an officer, as a director or as a member of any committee, established by the Board of Directors pursuant to these By-Laws or otherwise, and their respective heirs, executors, administrators, successors or assigns, against and from any and all reasonable expenses, including amounts paid upon judgments, counsel fees and related litigation costs and amounts paid in settlement (before or after suit was commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative in which they or any of them are made a party, or parties, or which may be asserted against them, or any of them, by reason of having served as an officer, director or member of any such committee; provided, however, that such person shall have (i) conducted himself in good faith, (ii) reasonably believed that such conduct was in, or at least not opposed to, the best interests of the Association and (iii), in the case of a criminal proceeding, had no reasonable cause to believe such conduct was unlawful; and provided further, however, that the Association shall not indemnify any such person, if, in any proceeding by, or in the right of, the Association, such person was adjudged to have improperly received any personal benefit, or was judged to be guilty of willful misfeasance, malfeasance, misconduct or bad faith in the performance of his duties. The foregoing obligation to indemnify shall be operative only after a determination (a) that such person has met the standard of conduct specified above and in the pertinent provisions of the North Carolina Nonprofit Corporation Act and (b) as to the reasonableness of the expenses claimed.

#### 13.2 Advancement of Expenses

In connection with any claim, action, suit or proceeding of the nature specified in Section 13.1 above, the Association shall advance all reasonable expenses that were charged to, or incurred by or on behalf of, any person entitled to indemnification hereunder, promptly upon receipt from such person of a reasonably detailed statement itemizing such expenses

and containing an undertaking to repay such advances, if it shall be ultimately determined that such person is, or was, not entitled to indemnification therefor.

### 13.3 Conduct in Good Faith

Notwithstanding the provisions of applicable statute, this Section 13 or other provisions of these By-Laws, no officer, director nor member of any committee established by the Board of Directors shall be liable to the Association or to any Member of the Association, whether then past, present or future, for monetary damages for any action, conduct or decision taken or made in good faith in his capacity as such.

### 13.4 Additional Indemnification

The indemnification provided for in this Section 13 shall be in addition to any right to which those so indemnified may be entitled under applicable statute, these By-Laws, separate agreement, vote of the Board of Directors or of the Members entitled to vote thereon, or otherwise.

### 13.5 Insurance

Subject to the limitations of applicable statute and judicial decision, the Association shall have the right, and shall use its best efforts, to secure and maintain, in full force and effect at all times, insurance coverages, in such amounts and with such conditions as are customary in similar situations, to satisfy the indemnification obligations of this Section 13.

## **14. Amendment**

### 14.1 Required Action

These By-Laws may be altered, amended, changed, modified or restated, in whole or in part at any time, (i) by the vote of not less than seventy-five percent (75%) of the entire Board of Directors at any duly noticed regular or special meeting of the Board held pursuant to Sections 6.2 or 6.3, respectively, as to which at least five (5) days prior written notice shall have been given, or (ii) by a majority of the votes cast by the Members entitled to vote at any duly noticed Annual Business Meeting or Special Meeting of Members held pursuant to Sections 4.1 or 4.3, respectively, provided that the form of such proposed alteration, amendment, change, modification or restatement shall be set forth in full in, or shall accompany, the notice of any such meetings.

### 14.2 Approval by Members

Any alteration, amendment, modification, repeal or restatement, in whole or in part, of these By-Laws, that the Board of Directors shall deem, by the vote of a majority of the entire Board, to materially adversely affect any rights possessed by the Members under the existing provisions of these By-Laws, shall be approved by the Members pursuant to Section 14.1 above, prior to the effective date of such alteration, amendment, modification, repeal or restatement. The provisions of Section 5.2 as to the number of directors may be altered, amended, changed, modified or restated only by a majority of the votes cast by the Members entitled to vote.

## **15. Miscellaneous**

### **15.1 Corporate Seal**

The seal of the Association shall be circular in form and shall bear the words “Champion Hills Property Owners Association, Inc.”. The seal shall be and remain in the possession and control of the Secretary or his designee. It shall be affixed by the Secretary or by the Assistant Secretary, if one shall have been appointed pursuant to Section 9.1, to all documents relating to official acts of the Association, as authorized by the Board of Directors.

### **15.2 Logo, Emblem and Colors**

The Board of Directors may adopt, and may modify at any time, a logo, emblem and colors of, and for, the Association.

### **15.3 Fiscal Year**

The fiscal year of the Association shall commence on January 1 and end on December 31 of each calendar year.

### **15.4 Gender and Number**

All pronouns as used from time to time in these By-Laws shall be deemed to refer to the masculine, feminine, neuter, singular and plural as the identity of the person or persons referred to may require.

### **15.5 Captions**

Captions and headings contained in these By-Laws are as a matter of convenience only. In no way should they be construed to define, limit or extend the scope, intent or any provision hereof.

### **15.6 Inspection of Corporate Records**

The books of account, the original or a certified copy of these By-Laws and the minute books of all meetings of Members and of the Board of Directors and any committee thereof, except as to an executive session thereof or during a meeting at which actions were taken on confidential compensation matters, shall be open for inspection at the principal office of the Association during normal office hours upon the written request of any Member, or his duly authorized representative, and for a purpose reasonably related to his interest as a Member. Any such inspection shall be subject to reasonable provisions as to notice, actual time of inspection and fees for the copying of such records as shall be established from time to time by the Board consistent with the pertinent provisions of the North Carolina Nonprofit Corporation Act.

### **15.7 Use of Funds**

All checks, drafts or orders for payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed or endorsed by at least two (2) officers

or by such other individual or individuals and in such manner as shall, from time to time, be determined by resolution adopted by the Board of Directors.

#### 15.8 Waiver

The failure of the Board of Directors to take any action hereunder or to enforce any provision of these By-Laws, the Articles, the *Covenants* or any Rules and Regulations adopted by the Board hereunder shall not be deemed to be a waiver of the right of the Board to do so thereafter.

#### 15.9 Severability

Invalidation of any provision or portion of any provision of these By-Laws by judgment or court order shall in no way affect the validity of any other provisions of these By-Laws, which shall remain in full force and effect.

#### 15.10 Execution of Contracts

Notwithstanding any limitations on execution authority contained elsewhere in these By-Laws, the Board of Directors may, by special resolution, authorize any officer or officers or any employee or employees of the Club to enter into any contract, agreement or arrangement or to execute any instrument in the name, and on behalf, of the Association; such authority may be general or confined to specific instances. Unless authorized by the Board, no officer or employee of the Club shall have any power or authority to bind the Association by any contract or agreement or to pledge the credit of the Association or to render the Association liable for any purpose or to any amount.

#### 15.11 Conflicts

Any conflict or inconsistency between the provisions of these By-Laws and as the same may be altered, amended, changed, modified or restated pursuant to Section 14, the Articles, the *Covenants* or the provisions of North Carolina law, shall be resolved in favor of first the provisions of North Carolina law, then of the Articles, then of the *Covenants* and finally of these By-Laws in that order.

#### 15.12 Notices

(a) Except as may be otherwise specifically provided for in these By-Laws, all notices, requests and other communications given or made hereunder (not including Association billing statements for fees, dues, assessments or other charges) shall be in writing and may be delivered: (i) electronically (by facsimile or email); (ii) by hand; or (iii) mailed US Mail first class postage prepaid;. Notices, requests or other communications to the Association shall be addressed to the attention of the Secretary or General Manager at the address of the principal office of the Association set forth in Section 1.3 above or the email address of the Secretary or General Manager as it appears in the Membership Handbook. Notices, requests or other communications to a Member shall be sent to the facsimile, email or physical address of such Member as it appears on the Membership Register. Notices delivered by hand shall be deemed received upon actual receipt, and notices if mailed shall be deemed received five (5) days after deposit in the US mail in accordance with this Section 15.12, except that notices to the Association shall be deemed received upon actual receipt at the offices of the Association. Notices delivered



by electronic means shall be deemed received upon being sent to the correct facsimile or email address. If at any time a Member shall desire notices, requests or other communications from the Association not be sent by facsimile or email, then written notice from such Member to the Association to such effect shall be given by hand delivery or US Mail to the Secretary or General Manager as specified herein. For clarification, and in addition to other notices and correspondence, this subsection (a) shall apply to (i) all information related to voting documents, related information and proxies sent by the Association to the Members, and (ii) returned proxies or ballots to the Association from such Member.

- (b) For further clarification, any reference in these By-Laws permitting notices, requests, or other communication by facsimile shall also be deemed to include email.
- (c) Announcements of a general informational nature to all Members may also be given, if conspicuously identified, in any newsletter or similar type of publication regularly sent to all Members.

Notwithstanding anything in these By-Laws to the contrary, and except for routine correspondence, any notice concerning a matter between the Association and a Member which may adversely affect the individual rights of such Member shall be sent by hand delivery or Certified Mail, Return Receipt Requested.

#### 15.13 Liability for Attorney's Fees and Costs

(a) Any current or former Member who causes a suit, arbitration or other legal proceeding to be brought against the Association, its Directors, officers or committee members (collectively, "Agents") for conduct while acting in such capacity, which proceeding arises from or in any way relates to the Association, and who does not prevail in all material respects alleged in the claim, shall be liable for the payment of all reasonable attorney's fees, including litigation expenses and costs, incurred by the Association or such Agents in such proceeding.

(b) Any current or former Member whose conduct is the basis for a suit, arbitration or other legal proceeding brought by the Association or its Agents, shall be liable for the payment of all reasonable attorney's fees, including litigation expenses and costs, incurred by the Association or the Agents in the proceeding if the Association or the Agents prevail in all material respects in the proceeding.

#### 15.14 Indemnification

Any current or former Member whose conduct is found to be the cause for recovery in any suit, arbitration or other legal proceeding brought against the Association, or its Directors, officers or committee members (collectively, "Agents") for conduct while acting in such capacity, shall indemnify and hold harmless the Association and the Agents for all liability, damages, loss or injury suffered, including all reasonable attorney's fees, litigation expenses and costs, incurred by any or all of them.