

EXHIBIT B

**BY-LAWS
OF
PINE MOUNTAIN LAKES
PROPERTY OWNERS ASSOCIATION**

BY-LAWS
OF
PINE MOUNTAIN LAKES PROPERTY OWNERS ASSOCIATION

ARTICLE I

DEFINITIONS

Section 1. "Association": The Pine Mountain Lakes Property Owners Association, a non-profit corporation organized and existing under the laws of the State of North Carolina.

Section 2. "Declaration": The Pine Mountain Lakes Declaration of Covenants and Restrictions filed by South Mountain Properties, Inc., Pine Mountain Lakes Property Owners Association, Inc., and Village Commons Association, Inc., in the office of the Register of Deeds of Burke County, North Carolina, on the 26th day of April, 1973, and there recorded in Book 430, page 278. "Declaration" shall further refer to (a) all future modifications and amendments to the same which shall be duly filed of record in the county in which the affected real property shall be located, and (b) to the same Pine Mountain Lakes Declaration of Covenants and Restrictions, together with duly recorded future modifications and amendments thereto, if duly filed and recorded in the office of the Register of Deeds of another county or counties of North Carolina adjoining Burke County.

Section 3. "The PML Properties": The real estate described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association as provided in the Declaration.

Section 4. "Commons": The Village Commons Association, Inc., a non-profit corporation organized and existing under the laws of the State of North Carolina.

Section 5. "Village": A tract lying within the boundaries of the PML Properties and denominated upon a descriptive recorded Map as a named Village within the boundaries of which Country House Unit Sites shall be platted and described

Section 6. "Country House Unit Site": A numbered parcel of land consisting of not less than 2,000 nor more than 2,500 square feet, more or less, of horizontally measured ground space within a closed boundary and lying within the boundaries of a Village, said parcels to be grouped in clusters of not less than three (3) nor more than six (6) parcels, and upon which no structure other than a Country House shall be constructed.

Section 7. "Cluster": A group of not less than three (3) nor more than six (6) adjoining or connected Country House Unit Sites.

Section 8. "Village Interest": A Country House Unit Site with a right of use and enjoyment in the Village Commons.

Section 9. "Country House": A residential dwelling located upon a Country House Unit Site and attached to one or more like structures.

Section 10. "Village Commons": All of the real property located within the boundaries of the Village and not encompassed within the boundaries of Country House Unit Sites situate therein the same being dedicated to Village Commons Association, Inc., for the use, benefit, and enjoyment of owners of Country House Unit Sites within the Village and being inclusive of any Country House Unit Sites within the Village which Developer might dedicate as a part of the Village Commons.

Section 11. "Developer": South Mountain Properties, Inc., a North Carolina Corporation.

Section 12. "Common Properties"; "Common Areas"; "Greenways": Those areas so designated upon any recorded subdivision Map or Plat of the PML Properties, the same to be devoted to the common use and enjoyment of Owners of the PML Properties, together with any improvement designated by the Developer as Common Properties and intended to be devoted to the common use and enjoyment of Owners of the PML Properties, all of which Developer may transfer and convey to the Association, and shall specifically include, but not be to the exclusion of other improvements which may hereafter be designated as Common Properties by the Developer, the following:

Community Lodge,
Swimming Pool,
Tennis Courts,
Roads, Streets, Trails, and Pathways,
Lake,
Golf Course,
Greenways,
Water System service Tree Top Village and Sec. 11,
Sewer System serving Tree Top Village.

Common Properties shall include properties owned by the Association.

Section 13. "Lot": A numbered, lettered, or combination of numbered and lettered parcel of land lying within the boundary of a subdivided area of PML Properties as shown on any recorded subdivision Map of PML Properties identified as a numbered or name PML Properties "Section"; provided, however, that this definition shall not, in any event, apply to a "Country House Unit Site" or any area within a "Village" as herein defined, or to a parcel subject to a supplemental Declaration.

Section 14. "Improvements": Anything of any kind or nature whatsoever built, constructed or placed upon the PML Properties and subject to the Declaration, including, but not being limited to, Single-Family Detached Dwellings, Country Houses, fences, walls, driveways, parking areas, retaining walls, permitted out-buildings, and every and singular structure, material, or device of every kind and nature, whether or not herein defined and specified.

Section 15. "Owner": Any person or entity, including the Developer, owning fee simple title to any Unit of PML Property, whether under and by virtue of a Deed of Conveyance or a Certificate of Ownership; this term shall also include any person or entity who has contracted to purchase the fee title of such a Unit of PML Property under and pursuant to a lawful written agreement with Developer.

Section 16. "Certificate of Ownership": A written document in recordable form, running from the Developer, as Grantor, to a purchaser, as Grantee, wherein it is duly evidenced and recited that the purchaser is the lawful owner of the fee title in and to a Country House Unit Site not yet partitioned to him, which document shall be delivered to the purchaser of a Country House Unit Site after he satisfies payment of the purchase price thereof and prior to delivery of a deed conveying a designated Country House Unit Site to him.

Section 17. "Development Period": The period of time extending (1) for ten (10) years from the date of the sale of the first Unit of PML Property or, (2) to the date of completion of construction of all Common Properties to be provided by Developer which shall serve the PML Properties and all properties added thereto pursuant to the Declaration, or (3) until Developer is paid in full for all PML Properties which it shall sell, whichever shall later occur; provided, however, that the Developer may, in its sole discretion, shorten the Development Period.

Section 18. "Unit of PML Property": One Lot, one Village Interest, or one of any other category of subdivided PML Property restricted to residential use.

ARTICLE II

LOCATION

Section 1. The principal office of the Association shall be located at Connelly Springs, North Carolina.

ARTICLE III

MEMBERSHIP

(1) Members: (a) Every person or entity who is the record owner of a fee, or undivided fee, interest in any Unit of PML Property which is subject, by Declaration of record, to being assessed by the Association, and who shall have paid the Developer in full for the purchase price of the Unit of PML Property shall be a member of the corporation; provided that any such person or entity (except the Developer) who holds such interest only as security for the performance of an obligation shall not be a member.

(b) The Developer, its successors and assigns, shall be the only voting member of the corporation during the Development Period, except as may be provided to the contrary by resolution of the Board of Directors of the Association.

(2) Associate Members: Every person or entity who has entered into a contract of purchase with the Developer covering a Unit of PML Property which is subject by Declaration of record to being assessed by the corporation and who has not paid the Developer in full for the purchase price of said Unit of PML Property shall be an associate member of the corporation. An associate member shall be entitled to all the privileges of a member except the right to vote. Rescission of a contract of purchase by the Developer shall terminate the associate membership.

(3) With the exception of the membership held by the Developer, the rights of membership and associate membership are subject to the payment of annual and special assessments levied by the Association. The obligation of the assessments which are imposed against a particular Unit of PML Property becomes a lien upon the property against which such assessments are made and also becomes a personal obligation of the owner of such Unit of PML Property all as provided in PART THREE, Article I, Section 1, of the Declaration.

Section 4. With the exception of the membership held by the Developer, the membership and associate membership rights of any person or entity whose Unit of PML Property is subject to assessment by the Association, whether or not he is personally obligated to pay such assessments, may, by action of the Association, be suspended from membership during the period for which the assessments remain unpaid; upon payment of such assessments, his rights and privileges shall be automatically restored. If the Association has adopted and published rules and regulations governing the use of the Common Properties as provided in ARTICLE IX, Section 1 (d) hereof and the personal conduct of any person is in violation of those rules and regulations, the Association may, in its discretion, suspend the rights of any such person for a period not to exceed thirty (30) days. The applicability of this Section 4 shall also run to any membership or associate membership rights which may have been delegated.

ARTICLE IV

VOTING RIGHTS

There shall be two classes of voting memberships:

(1) Class A: Class A members shall be all those persons or entities as defined in ARTICLE III (1)(a), with the exception of the Developer. Class A members shall be entitled to one vote for each Unit of PML Property in which they hold the interest required for membership by ARTICLE III. When more than one person holds such interest or interests in any Unit of PML Property, the vote for such Unit of PML Property shall be exercised as they shall determine; provided, however, that in no event shall more than one vote be cast with respect to any such Unit of PML Property; and, provided further, that a Class A Member shall have no right to vote in any Association matters until expiration of the Development Period, except as may be provided to the contrary by resolution of the Board of Directors of the Association.

(2) Class B: The Class B member shall be the Developer. The Class B member shall be entitled to one vote for each Unit of PML Property which is offered for sale by Developer until such time as it shall cease to be a record owner thereof and shall have been paid in full for such Unit of PML Property. The Developer shall continue to have the right to cast votes as aforesaid even though it may have contracted to sell the Unit of PML Property or may have same under a mortgage or deed

of trust, but shall have no right to vote relative to the Association acting as rental or leasing agent for Class A Members.

ARTICLE V

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Each member and associate member shall be entitled to the use and enjoyment of the Common Properties as provided by PART TWO, Article IV, of the Declaration, all of which shall further accrue and extend to:

- (a) the spouse and childred of a member or associate member who reside with and have the same principal address as said member or associate member;
- (b) guests or invitees of members and associate members as provided by rules and regulations of the Association;
- (c) other persons who are regular occupants of residential property within the PML Properties;
- (d) persons who, by virtue of contract with the Developer are entitled to membership in the Association.

Section 2. Any member or associate member may delegate his or its rights of enjoyment in the Common Properties as provided in PART TWO, Article IV, Section 4 of the Declaration. Such member or associate member shall notify the Secretary of the Association in writing of the name of any such person and of the relationship, if any, of the member or associate member to such person. The rights and privileges of such person are subject to suspension under ARTICLE III, Section 4 of these By-Laws to the same extent as those of the member or associate member.

Section 3. Members, associate members, and their guests and invitees shall be bound by such rules as the Directors shall make from time to time, relative to the use of the Common Properties.

ARTICLE VI

ASSOCIATION PURPOSES AND POWERS

Section 1. The Association has been organized, for the use and benefit of its members and associate member, to:

- (1) Exercise those certain rights, power, and privileges granted to it by the provisions of Chapter 55A of the North Carolina General Statutes;
- (2) Provide for the administration, management, expansion, construction, control, supervision, operation, preservation, and protection of value of those certain real, personal,

tangible, and intangible properties which shall, from time to time, belong to or otherwise become subject to the jurisdiction and control of this corporation within the PML Properties;

- (3) If authorized by majority vote of the Class A Members only, conducted in accordance with a resolution of the Board of Directors of the Association permitting such a vote, act as rental or leasing agent for Class A Members;
- (4) Promote the health, safety, and welfare of owners and occupants of residential, commercial, and other properties within the PML Properties and any additions thereto and, to that end, to:
 - (a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Pine Mountain Lakes Declaration of Covenants and Restrictions recorded in Book 430, page 278, office of the Register of Deeds of Burke County, North Carolina, together with subsequent amendments and modifications thereto; said Declaration is incorporated herein as if fully set forth;
 - (b) own, acquire, build, operate and/or maintain greenways, recreational parks, playgrounds, swimming pools, golf courses, private ways, private roads, private lanes, utilities, water system, sewer system, lakes, buildings, structures, and personal properties incident thereto;
 - (c) provide for services including, but no limited to, garbage and trash collections, fire and police protection and maintenance of unkept lands and trees;
 - (d) fix, levy, collect and enforce payment by any lawful means, all charges and assessments pursuant to the terms of the Declaration and the By-Laws, Rules, and Regulations of the Association; to pay all expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the corporation;
 - (e) Pursuant to the terms of the Declaration to convey, sell, lease, transfer, dedicate for public or other use, or otherwise dispose of real or personal property in connection with the affairs of the corporation;
 - (f) pursuant to the terms of the Declarations, borrow money; and, with the assent of 51% of the voting members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property in connection with the affairs of the corporation;

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- (g) pursuant to the terms of the Declaration, dedicate, sell, or transfer all or any part of the Common Properties to any public or private agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the voting members. No such dedication or transfer shall be effective unless approved by 51% of the voting members;
- (h) participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes, provided that any such merger shall have the assent of 51% of the voting members;
- (i) insofar as permitted by the laws of the State of North Carolina, to do any other thing that will promote the common benefit and enjoyment of the residents upon and owners of the PML properties;
- (j) enforce any and all covenants, restrictions, and agreements applicable to PML properties.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. The affairs of the Association shall be managed by a Board of five (5) Directors, who need not be members of the corporation. A change in the number of directors shall be made only by amendment to these By-Laws. Directors shall be elected for a term of one ~~six~~ years and until their respective successors are elected and qualified; provided, however, that one of the initial directors shall serve four (4) years, two shall serve five (5) years, and two shall serve six (6) years as determined by drawn lots; their respective elected successors shall each serve terms of six (6) years. Any vacancy occurring in the initial or any subsequent Board of Directors shall be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining Directors. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the director whose position he was elected to fill.

ARTICLE VIII

BOARD OF DIRECTORS: ELECTION PROCESS

The nomination and election of the Board of Directors shall be as follows:

Section 1. Election of Board of Directors shall be by written ballot as hereinafter provided. At such election each voting member may cast one vote "For" or "Against" the person or persons nominated for the vacancy to be filled. If the vote is cast "For" and also "Against" the same person, it shall not be counted.

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Section 2. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the Standing Committees of the Association.

Section 3. The Nominating Committee shall consist of three members of the Board of Directors, appointed by the Board of Directors, and one member of the Nominating Committee shall be designated by the Board of Directors as Chairman. The Nominating Committee shall be appointed as soon as the Board of Directors shall deem appropriate, and shall serve until a successor Nominating Committee shall be appointed by the Board of Directors.

Section 4. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members as the Nominating Committee shall determine. Nominations shall be placed on a written ballot as provided in Section 5 and shall be made in advance of the time fixed in Section 5 for the mailing of such ballots to voting members.

Section 5. All elections to the Board of Directors shall be made on written ballot which shall (1) describe the vacancies to be filled; (2) set forth the names of those nominated by the Nominating Committee for such vacancies with spaces opposite each name with the words "For" and "Against". Such ballots shall be prepared and mailed by the Secretary to the voting members at least seven (7) days in advance of the date designated by the Board of Directors as the date for the election. The date of the election shall ordinarily be ten (10) days prior to the date of the annual meeting, but may be held at any time selected by the Board of Directors, and the term of office of a Director shall be for six (6) years, or until his successor shall have been elected and shall have qualified; the term shall expire upon the date of the annual meeting of members six (6) years after his election, unless a successor shall not have been elected and shall not have qualified, and in such event, he shall continue to serve until his successor is elected and shall qualify. The same shall apply to the Directors designated in the Articles of Incorporation.

Section 6. Each voting member shall receive one ballot to be mailed by the Secretary, with a return envelope addressed to the President.

Section 7. Upon receipt of each ballot returned, the President shall place same in a safe place and upon the date designated by the Board of Directors as the date of the election shall open the ballots and count same in the presence of two other Directors appointed by the Board of Directors who, with the President, shall constitute the Election Committee. In the event two or more persons have been nominated for a vacancy, the person receiving the greater number of affirmative votes shall be declared elected. In the event only one person shall have been nominated for a vacancy, such person must receive an affirmative vote on more than one-half of the total valid ballots cast to fill the particular vacancy. If the contrary occurs, such fact shall be reported to the Nominating Committee and the Nominating Committee shall forthwith nominate

one or more persons to fill the vacancy, or vacancies, not filled at the election. The new names or name shall be placed upon a ballot and the same procedure aforesaid shall be carried out promptly. A "write in" vote or votes shall be deemed a proper nomination and an affirmative vote for the person designated on the ballot and shall be counted in any election of Directors.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

- (a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of the members, as provided in Article XIII, Section 2.
- (b) To appoint and remove at pleasure all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, Officer, or Director of the Association in any capacity whatsoever. Such duties as are provided in this subparagraph (b) may be delegated by the Directors to a specific Director who shall report his actions to the Board of Directors from time to time.
- (c) To establish, levy and assess, and collect the assessments or charges as provided in the Declaration.
- (d) To adopt and publish rules and regulations governing the use of the Common Properties and the personal conduct of the members, associate members, invitees, guests and others thereon.
- (e) To exercise, for the Association, all powers, duties and authority vested in or delegated to this Association, except those reserved to members in the Declaration or the Articles of Incorporation.

Section 2. It shall be the duty of the Board of Directors:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by the membership, as provided in Article XIII, Section 2.
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

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1. (c) As more fully provided in PART THREE of the Declaration:

- (1) To fix the amount of the assessment against each Unit of PML Property, for each assessment period at least thirty days in advance of such date or period;
- (2) To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member;
- (3) To send written notice of each assessment to every Owner subject thereto.

(d) To issue, or to cause an appropriate officer to issue, upon demand, by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of the satisfaction of any assessment therein stated to have been paid.

(e) To maintain all Common Properties and to cause the Association to construct certain common properties according to the Declaration, including, but not limited to, additions to the water system and the sewer system.

ARTICLE X

DIRECTORS' MEETINGS

Section 1. A regular meeting of the Board of Directors shall be held on the second Monday of each third month at 10 a.m., provided that the Board of Directors may, by resolution, change the day, hour and regularity of holding such regular meeting.

Section 2. Notice of such regular meeting is not required. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 3. Special meetings of the Board of Directors shall be held when called by an officer of the Association or by any two directors after not less than three (3) days' notice to each Director.

Section 4. The transaction of any business at any meeting of the Board of Directors, however called and wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present, provided that either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to the conduct of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI

OFFICERS

Section 1. The officers shall be a president, one or more vice-presidents, a secretary, one or more assistant secretaries, and a treasurer. The president and not less than one vice-president shall be members of the Board of Directors. The offices of secretary and treasurer and president and treasurer may be held by the same person. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 2. The officers shall be chosen by majority vote of the directors.

Section 3. All officers shall hold office during the pleasure of the Board of Directors.

Section 4. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out, and sign all notes, leases, mortgages and deeds.

Section 5. A vice-president designated by the Board as executive vice-president, shall perform all the duties of the president in his absence.

Section 6. The secretary shall be ex-officio secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members and associate members of the Association together with their addresses as registered by such members.

Section 7. The treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The treasurer shall sign all checks and notes of the Association, provided that such notes shall also be signed by the president or a vice president.

Section 8. The treasurer shall keep proper books of account and cause an annual audit of the Association books to be made at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

ARTICLE XII

COMMITTEES

Section 1. The Standing Committees of the Association shall be:

- The Nominations Committee
- The Recreation Committee
- The Construction and Maintenance Committee
- The Environmental Control Committee
- The Publicity Committee
- The Audit Committee.

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members and shall include a member of the Board of Directors. The committees shall be appointed by the Board of Directors prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. The Board of Directors may appoint such other committees as it deems desirable.

Section 2. The Nominations Committee shall have the duties and functions described in ARTICLE VIII.

Section 3. The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational programs and activities of the Association and shall perform such other functions as the Board, in its discretion, determines.

Section 4. The Construction and Maintenance Committee shall advise the Board of Directors on all matters pertaining to the construction, maintenance, repair or improvement of the Common Properties of the Association, and shall perform such other functions as the Board, in its discretion, determines.

Section 5. The Environmental Control Committee shall have the duties and functions described in PART FOUR of the Declaration and other provisions thereof. It shall be alert for any proposals, programs, or activities which may adversely affect the residential value and integrity of the PML Properties and shall advise the Board of Directors regarding Association action on such matters.

Section 6. The Publicity Committee shall inform the members of all activities and functions of the Association and shall, after consulting the Board of Directors, make such public releases and announcements as are in the best interests of the Association.

Section 7. The Audit Committee shall supervise the annual audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting as provided in ARTICLE XI, Section 8. The treasurer shall be an ex-officio member of the Committee.

Section 8. With the exception of the Nominations Committee and the Environmental Control Committee, each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 9. It shall be the duty of each committee to receive complaints from members and associate members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE XIII

MEETINGS OF MEMBERS

Section 1. The regular annual meeting of the members shall be held on the second ~~Wednesday~~ of the month of June in each year, at the hour of ~~1:00 PM~~ ^{SAT.} If the day for the annual meeting of the members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2. Special meetings of the members for any purpose may be called at any time by the president, the vice president, the secretary or treasurer, or by any two or more members of the Board of Directors, or upon written request of one-fourth of the voting membership.

Section 3. Notice of any meetings shall be given to the members by the secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any meeting, regular or special, shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve an election governed by ARTICLE VIII or any action governed by the Articles of Incorporation or by the Declaration notice of such meeting shall be given or sent as therein provided.

Section 4. The presence at the meeting of members, personally or by proxy, entitled to cast one-tenth (1/10) of the total votes of the voting membership shall constitute a quorum for any action governed by these By-Laws. Any action governed by the Articles of Incorporation or by the Declaration shall require a quorum as therein provided.

ARTICLE XIV

PROXIES

Section 1. At all corporate meetings of members, each voting member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his interest in the PML Properties.

ARTICLE XV

BOOKS AND PAPERS

Section 1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any member.

ARTICLE XVI

CORPORATE SEAL

Section 1. The Association shall have a seal containing the words: "Pine Mountain Lakes Property Owners Association. Seal. 1973. State of North Carolina."

ARTICLE XVII

AMENDMENTS

Section 1. These By-Laws may be amended at any regular or special meeting of the Board of Directors by a vote of a majority of a quorum present and voting, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration referred to in ARTICLE I and these By-Laws, the Declaration shall control.

Duly adopted and ratified by the Board of Directors of Pine Mountain Lakes Property Owners Association, this 26th day of April, 1973.

/s/ G. Robert Livsey, Jr.
Chairman of Board

Attest:

/s/ Thomas M. Starnes
Secretary