

**BYLAWS
GRANNY SQUIRREL MOUNTAIN CLUB
HOMEOWNERS ASSOCIATION, INC..**

SECTION 1

MEMBERS

1.1 MEMBERSHIP. LEISURE PROPERTIES, INC and each person who shall be the owner and holder of record of the legal title to all or a portion of the following described property (sometimes hereafter referred to as the "subject property") situated in Cherokee County, North Carolina, to wit:

Property located in Cherokee County, North Carolina, platted of record, or which shall be platted of record by Leisure Properties Inc., limited to sections 1A,1,2,3,3A & 4 using the name "Granny Squirrel Gap" such property sometimes called the Granny Squirrel Gap Subdivision.

who shall have acquired such title from Leisure Properties, Inc., its assignee, or by resale, automatically shall, for the duration of such ownership commencing with the date such title is acquired, be a member of GRANNY SQUIRREL MOUNTAIN CLUB HOMEOWNERS ASSOCIATION, INC., a membership corporation organized under the provisions of the North Carolina Non-Profit Corporation Code, as amended, provided such person abides by all the rules and regulations of such corporation.

Notwithstanding any other provision herein, Cherokee County, North Carolina, any other political subdivision to which a portion of or any interest in the subject property may be conveyed, any lienholders, mortgagees, or trustees under deeds of trust, and any holders or owners of any right-of-way, easement or similar interest, shall not, as such, be deemed to be owners of record of the legal title to any portion of the subject property and shall not, by reason of any such interest owned or held or acquired by them, be or become eligible for membership in this corporation.

1.2 EXTENSION OF TERRITORIAL ELIGIBILITY FOR MEMBERSHIP

If, at any date subsequent to the adoption of these bylaws, additional land contiguous, adjacent or in close proximity, to the subject property should be developed by Leisure Properties, Inc. as an integral part of the subject property, and if a majority of members of this corporation should so elect by resolution, adopted by a majority of the Board, then, such additional land may be included within the definition of the "subject property" and owners thereof shall be eligible to become members of this corporation in accordance with the rules established herein. The water system is limited to those lots contained in sections 1A,1,2,3, & 3A.

1.3 VOTING RIGHTS. On all matters with respect to which members of the corporation shall be entitled to vote, each member shall be entitled to cast one vote in person or by proxy for each lot or tract (as shown by plat filed for record in Cherokee County, North Carolina) in the subject property, legal title to which is owned of record by such member. Only one vote may be cast to or by reason of the ownership of each lot or tract in the subject property, and in the case of ownership of less than an entire lot, or in the case of undivided fractional interest in the ownership of lots, the vote attributable to a lot shall be cast only by the owners of a majority in interest or a majority of the front footage of such lot or tract (determined by measurements of the linear foot dimensions of the lot facing the street upon which such lot fronts according to the plat or map designating and identifying such lot).

1.4 ANNUAL MEETING. An annual meeting of the members of the corporation shall be held at such time and place as may, from time to time, be fixed by the Board of Directors and as specified in the notice of said meeting.

1.5 SPECIAL MEETING. Special meetings of members may be called at any time by the president, the vice president, the secretary or treasurer, or by two or more members of the Board of Directors, and shall be called by the president upon written request of the members who have a right to vote 10% of the votes entitled to be cast at the time of such a call. Any business which may properly be conducted at an annual or regular meeting of the members may also be conducted at any special meeting. All special meetings shall be held at such place as may, from time to time, be fixed by the Board of Directors and specified in the notice of said meeting.

1.6 NOTICE. Notice of annual and special meetings stating the day, hour and place of the meeting shall be given to members not less than (10) nor more than fifty (50) days prior to the date of any such meeting.

Any notice which shall be given to a member of the corporation with respect to any meeting or for any purpose shall be deemed to have been properly given if addressed to "Occupant", in care of the street address of the lot or tract located in the subject property with respect to the ownership of which the member is entitled to vote or, when the number of members exceeds 250, notice may be given by publication in any newspaper of general circulation in Cherokee County, North Carolina.

1.7 QUORUM. The owners of a majority of the lots located in the subject property, present in person or by proxy, shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of the members of the corporation. Any meeting of members may be adjourned from time to time without notice other than announcement at the meeting, until a quorum shall be present or represented. When a quorum is present at any meeting, the vote of the owners of a majority of the lots located in the subject property, the owners of which are present in person or by proxy at such meeting, shall decide any question brought before such meeting.

SECTION 2

DIRECTORS

2.1 NUMBER. The number of directors of the corporation shall be three (3) who shall be elected by the membership during the meeting adopting these BY-LAWS, and thereafter at the annual membership meeting as follows: one each for a one year, a two year and a three year term. Then the next year and the year after as the one year and the two year terms expire, the membership will elect three year terms, with one director elected each year, serving their terms until their successors are duly elected and qualified.

2.2 QUALIFICATIONS. Directors shall be natural persons of the age of eighteen (18) or over, but need not be a resident of the State of North Carolina. Further, a director must be a paid-up member of the Corporation.

2.3 VACANCIES AND REMOVAL. Any director may be removed with or without cause by the unanimous vote of the remaining members of the Board of Directors.

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removing members of the board (excluding the director to be removed). Upon the death, removal, resignation, or incapacity of any member of the Board of Directors, a majority of the then remaining directors shall elect his successor.

2.4 MEETINGS. The directors shall meet annually, without notice, at the same place as and immediately following the annual meeting of the members. Special meetings of the directors may be called at any time by the president or by any director, on two days' notice, which notice shall specify the purpose, time and place of the meeting. Notice of any such meeting may be waived by instrument in writing executed before or after the meeting. Attendance in person at such meeting shall constitute a waiver of notice thereof.

2.5 ACTION WITHOUT MEETING. Any action to be taken at a meeting of the directors, or any action that may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors.

three(3)

2.6 MANAGEMENT. The affairs and property of the corporation shall be managed and controlled by the Board of Directors. The Board of Directors shall have the duty to cause the corporation to own, acquire, develop, construct, maintain, operate, repair and replace, on a non-profit basis, common areas including greens and parks, roads, streets, curbs, gutters, drainage facilities, lighting and utility facilities, recreation facilities, water access areas, including swimming facilities, boat ramps, and marinas, and any other facilities in the subject property for the use, enjoyment and benefit of the members of the corporation and they are expressly given full powers not inconsistent with these bylaws, the Articles of Incorporation of the corporation, applicable provisions of law and the deed restrictions and Protective Covenants covering subject property to accomplish such purposes, including the power to purchase or lease any such facilities or transfer the management responsibilities for any such facilities to others, in order to provide the maximum enjoyment of such facilities by the members.

It shall further be the duty of the Board of Directors to cause the corporation to use its best efforts to attempt in every way to support the enforcement of the provisions of the deed restrictions and of the Protective Covenants covering any of subject property, as well as any similar restrictions and covenants subsequently filed for record with respect to a portion of the subject property.

2.7 AUTHORITY. The Board of Directors shall have power to make such rules and regulations for their own government and for the government of the corporation as it may deem necessary and to alter and amend the same; to prescribe and enforce penalties for violations of the rules, regulations and bylaws of the corporation; and to exercise such other powers as may be necessary or proper to attain the objects of the corporation. The Board of Directors shall have the authority to create committees by appropriate resolutions, and may delegate to any such committee so much of its authority as it shall deem advisable, and shall specify the duties of any committee so created. Not less than one of the members of any such committee shall be a director of the corporation.

2.8 EMPLOYEES. The Board of Directors shall have responsibility and authority to employ such employees, or retain such agents, independent contractors, or others, as the affairs of the corporation shall require, and may delegate to any such employees, agents independent contractors or others, so much of its authority as it shall deem advisable. The Board of Directors shall likewise have the power to discharge any or all employees of the corporation and may delegate their authority to do so to any officer of the corporation.

SECTION 3

OFFICERS

3.1 The officers of the corporation shall consist of a president, vice president, a secretary and a treasurer and such other officers and assistant officers as the Board of Directors may from time to time elect, each of whom shall be elected each year by the Board of Directors at its annual meeting. The Board of Directors shall have full authority to remove any officer of the corporation from office by the vote of a majority of the members of the entire board at any time; and the election of each officer of the corporation shall be subject to such power of the Board of Directors. If any office shall become vacant, the Board of Directors may select an individual to fill such office for the unexpired term thereof. Any two offices may be held by the same person except the office of president and secretary.

3.2 The duties of the officers of the corporation shall be as follows:

- a. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and be responsible to the directors for the carrying out of their decisions in the administration of the affairs of the corporation. The President shall also execute contracts, conveyances and other documents on behalf of the corporation. The President shall be authorized to appoint such committees and to delegate to such committees such duties as he may deem desirable.
- b. In the absence of the President, or when it is inconvenient for the President to act, the Vice President shall perform the duties and exercise the powers of the President. At any time when the Vice President is performing a duty or exercising a power of the President, any third party dealing with the corporation may presume conclusively that the President was absent and that the Vice President was authorized to act in his place.
- c. The Secretary shall issue notices of directors and members meetings if so directed by the party calling the meeting, and shall be responsible for corporate minutes and records. The Secretary shall, contemporaneously with the issuance of notice of each meeting of the members, make a complete list of the members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with addresses of, and the number of lots held by, each member, which list for a period of ten (10) days prior to such meeting shall be kept on file at the Secretary's office and shall be subject to inspection by any member at any

- time during usual business hours, by appointment. The Board of Directors may, if they deem it advisable, from time to time designate one or more persons as Assistant Secretaries, who may perform the duties and exercise the powers of the Secretary when the Secretary is absent or it is inconvenient for him to act. Any third person dealing with the corporation may presume conclusively that any Assistant Secretary acting in the capacity of the Secretary was duly authorized to act.
- d. The Treasurer shall be responsible for the custody of corporate funds and securities and the keeping of adequate books of account. The Board of Directors may from time to time, if it deems it advisable, designate one or more persons as Assistant Treasurer who may perform the duties and exercise the powers of Treasurer, if the Treasurer is absent or it is inconvenient for him to act. Any third person dealing with the corporation shall be entitled to presume conclusively, that any Assistant Treasurer acting in the capacity of Treasurer, was duly authorized to do so.

The Treasurer shall prepare a roster of the members and the assessments applicable thereto, and shall maintain a record of the payment of such assessments. Such records shall be kept at the Treasurer's office and shall be open to inspection by any member at any reasonable time during business hours.

SECTION 4

ASSESSMENTS

4.1 Pursuant to Protective Covenants, filed of record for the various sections of the subject property, which provided for assessments to be paid by all members hereof to this corporation or its designated agent, the Board of Directors has the duty and is hereby authorized and given full power and authority to assess members of the corporation after approval by a majority of the membership at any regular or special meeting in order to obtain funds required by the corporation for the performance of its objects and purposes and to meet its obligations, subject to the provisions of these bylaws and the deed restrictions and Protective Covenants which authorize such assessments. Each assessment shall be due and payable by each member at the time and in the manner set forth in the resolution fixing such assessments. In the absence of specific provision therefor in such resolution, each assessment shall be due and payable on or before thirty (30) days from and after the date of the adoption of such assessment, and shall be payable in cash at such place or places as the Board of Directors may designate in a notice to all members.

4.2 The corporation and its successors in interest shall have an express lien against each lot or tract into which the subject property may be subdivided as shown by the maps or plats thereof, at any time, recorded to secure payment of all obligations of the owner or owners of each such lot to the corporation. The terms, including without limitation the method of foreclosure, of such lien shall be as stated and provided in the deed restrictions and Protective Covenants covering the specific subdivision units within subject property.

4.3 The above described lien and all other provisions of the Protective Covenants shall be secondary and subordinate, however to any liens, deeds of trust and encumbrances whatsoever given to secure the purchase price of any lot in the subject property or any part thereof, or given to any bank, savings and loan association, insurance company, trust company, fraternal benefit organization, or corporations with banking or related powers, lawfully lending money for the purpose of making repairs or constructing dwellings or any other improvements whatsoever on any portion of any lot, or acquiring any note or other evidence of indebtedness previously made for any such purpose. If any such lender or party acquiring such indebtedness should be in doubt as to the purpose for which such loan was made, or indebtedness incurred, or as to whether the above described lien is subordinate to any lien or deed of trust given for the purpose of securing any such mortgage or indebtedness, such lender or party acquiring such indebtedness may rely conclusively upon the written statement of the corporation, with respect thereto. The Board of Directors may release or subordinate on behalf of the corporation any lien and any other provisions of the Protective Covenants, in whole or in part, with respect to any lot or lots, should it deem it advisable for any reason whatsoever without affecting said lien insofar as it applies to any other lot or lots in the subject property.

4.4 Assessments shall be levied and assessed on each lot in the subject property on an equal basis. All lots with a home shall be considered equal and all other lots shall be considered equal. thus two groups of equal lots. No assessment shall be levied against any lot owned by Leisure Properties, Inc. held by it for sale to others. No assessment or other charges shall be made unless provided for in the deed restrictions and protective covenants and properly approved by a majority of the members present and by PROXY at each annual meeting.

4.5 No assessment and or charge shall exceed the limits as contained in the Deed Restrictions and Protective Covenants and all assessments and charges shall be approved annually by a majority of members present and by proxy voting at the annual meeting.

MOTION TO AMEND BY-LAWS

It is hereby moved that the By-Laws of the Granny Squirrel Mountain Club Homeowners Association, Inc. be amended as follows:

Section 1, Paragraph 1.7 of the By-Laws entitled "Quorum" is hereby amended by striking the paragraph in its entirety and replacing it with the following paragraph:

1.7 Quorum. Twenty (20%) percent of the lots, represented by the Owners of same either in person or by proxy, located in the Granny Squirrel Gap Subdivision and entitled to vote at any meeting according to records of the Corporation shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of the members of the Corporation. Any meeting of the members may be adjourned from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. When a quorum is present at any meeting, the vote of a majority of the lots voted by owners present at the meeting, in person or by proxy, shall decide any question brought before such meeting. Lots owned by the Association may not be voted and shall not be counted in determining the number of Lots required for a quorum or in determining whether a quorum is present.

July 3, 1993

MOTION TO AMEND BY-LAWS

It is hereby moved that the By-Laws of the Granny Squirrel Mountain Club Homeowners Association, Inc. be amended as follows:

Section 1, Paragraph 1.3 of the By-Laws entitled "Voting Rights" is hereby amended by adding the following language at the end of that paragraph:

Notwithstanding anything herein to the contrary, any member who fails to pay all assessments, fees, or dues, provided for by covenants, these By-Laws or otherwise, on or before March 1st of each year or, if the same shall become due later than February 1st of any year, within sixty (60) days of the statement date, shall be suspended for a period of time continuing until all assessments, fees, dues or late fees are received by the Association in full. No member suspended as provided for herein shall have the right to vote on any matter coming before the Association. No Lots belonging to a suspended member shall be included in calculating the number of votes present for a quorum and no suspended member's Lots shall be counted toward the number needed for a quorum.

The membership hereby Consents to amend the Articles of Incorporation of the Corporation if it is deemed necessary to do so to make this amendment effective.

July 3, 1993