

AMENDED AND RESTATED¹

BY-LAWS
OF
THE SETTINGS OF BLACK MOUNTAIN ASSOCIATION, INC.,
A NORTH CAROLINA NON-PROFIT CORPORATION

As of March 20, 2013

TABLE OF CONTENTS

<u>Article I</u>	<u>Name, Membership, Applicability and Definitions</u>	3
	<u>Section 1</u> <u>Name</u>	3
	<u>Section 2</u> <u>Membership</u>	3
	<u>Section 3</u> <u>Definitions</u>	3
<u>Article II</u>	<u>Association: Meetings, Quorum, Voting, Proxies</u>	3
	<u>Section 1</u> <u>Place of Meetings</u>	3
	<u>Section 2</u> <u>Annual Meetings</u>	3
	<u>Section 3</u> <u>Special Meetings</u>	4
	<u>Section 4</u> <u>Notice of Meetings</u>	4
	<u>Section 5</u> <u>Waiver of Notice</u>	4
	<u>Section 6</u> <u>Adjournment of Meetings</u>	4
	<u>Section 7</u> <u>Voting</u>	4
	<u>Section 8</u> <u>Proxies</u>	4
	<u>Section 9</u> <u>Majority</u>	5
	<u>Section 10</u> <u>Quorum</u>	5
	<u>Section 11</u> <u>Conduct of Meetings</u>	5
	<u>Section 12</u> <u>Record Date</u>	5
	<u>Section 13</u> <u>Action by Written Ballot</u>	5
	<u>Section 14</u> <u>Electronic Action</u>	5
<u>Article III</u>	<u>Board of Directors: Number, Powers, Meetings</u>	6
	A. <u>Composition and Selection</u>	6
	<u>Section 1</u> <u>Governing Body: Composition</u>	6
	<u>Section 2</u> <u>Number of Directors</u>	6
	<u>Section 3</u> <u>Election and Term of Office</u>	6
	<u>Section 4</u> <u>Removal of Directors</u>	7
	B. <u>Meetings</u>	7
	<u>Section 5</u> <u>Organization Meeting</u>	7

	<u>Section 6</u>	<u>Regular Meetings</u>	7
	<u>Section 7</u>	<u>Special Meetings</u>	7
	<u>Section 8</u>	<u>Waiver of Notice</u>	8
	<u>Section 9</u>	<u>Quorum of Board of Directors</u>	8
	<u>Section 10</u>	<u>Compensation</u>	8
	<u>Section 11</u>	<u>Conduct of Meetings</u>	8
	<u>Section 12</u>	<u>Executive Session</u>	8
	<u>Section 13</u>	<u>Action Without a Formal Meeting</u>	8
C.	<u>Powers and Duties</u>		9
	<u>Section 14</u>	<u>Powers</u>	9
	<u>Section 15</u>	<u>Management Agent</u>	9
	<u>Section 16</u>	<u>Rights of Association</u>	9
<u>Article IV</u>	<u>Officers</u>		9
	<u>Section 1</u>	<u>Officers</u>	10
	<u>Section 2</u>	<u>Election, Term of Office and Vacancies</u>	10
	<u>Section 3</u>	<u>Removal</u>	10
	<u>Section 4</u>	<u>Powers and Duties</u>	10
	<u>Section 5</u>	<u>Resignation</u>	10
	<u>Section 6</u>	<u>Agreements, Contracts, Deeds, Leases, Checks, Etc.</u>	10
<u>Article V</u>	<u>Committees</u>		11
	<u>Section 1</u>	<u>General</u>	11
	<u>Section 2</u>	<u>Covenants Committee</u>	11
	<u>Section 3</u>	<u>Parcel Committees</u>	11
	<u>Section 4</u>	<u>Communications Committee</u>	11
<u>Article VI</u>	<u>Miscellaneous</u>		12
	<u>Section 1</u>	<u>Fiscal Year</u>	12
	<u>Section 2</u>	<u>Parliamentary Rules</u>	12
	<u>Section 3</u>	<u>Conflicts</u>	12
	<u>Section 4</u>	<u>Books and Records</u>	12
	<u>Section 5</u>	<u>Notices</u>	14
	<u>Section 6</u>	<u>Audit</u>	14
	<u>Section 7</u>	<u>Amendment</u>	14

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BY-LAWS
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A NORTH CAROLINA NON-PROFIT CORPORATION

As of March 20, 2013

Article I
Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be The Settings of Black Mountain Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Membership. The Association shall have one (1) class of membership, Class "A", as more fully set forth in the Declaration of Covenants, Conditions, and Restrictions for The Settings of Black Mountain (said Declaration, as amended, renewed, or extended from time to time, being hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein. Any reference in these By-Laws to Class "B" membership refers to the membership that was previously held by the Declarant and that terminated in October 2011.²

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in said Declaration of Covenants, Conditions, and Restrictions for The Settings of Black Mountain³ recorded in the Office of Buncombe County, North Carolina Register of Deeds, (hereinafter the "Declaration").

Article II
Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors in Buncombe County, North Carolina or as convenient thereto as possible and practical.

Section 2. Annual Meetings. The first meeting of the members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the commencement or the close of the Association's fiscal year. Subsequent regular annual meetings of the members shall be held within sixty (60) days of the same day in each year thereafter, at an hour set by the Board. Where directors or officers are to be elected by members, such election may be

conducted by mail, if authorized by the Board of Directors and subject to such conditions as the Board may provide.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of the Board of Directors or upon a petition signed by at least twenty-five (25%) percent of the total votes of the Association.⁴ The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. Written notice of each annual and special meeting of the members shall be given by or at the direction of the Secretary or any person or persons authorized to call a meeting by mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than sixty (60) days, before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of the notice.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice to that member⁵ of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to holding the meeting or transacting business at the meeting, at the beginning of the meeting. Attendance at a meeting shall also be deemed waiver of the objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. If the new date, time, and place are⁶ announced at the original meeting before adjournment, then notice need not be given of the new date, time or place. If a quorum is present, any business which might have been transacted at the meeting originally called may be transacted at the adjourned meeting.

Section 7. Voting. The voting rights of the members shall be as set forth in the Declaration and Articles and such voting rights provisions are specifically incorporated herein.

Section 8. Proxies. At all meetings of members, each member may vote in Person or by proxy, as further may be limited by the terms of the Declaration. All proxies shall be in writing and filed with the Secretary or other officer or agent authorized to tabulate votes before the appointed time of each meeting. Every proxy shall be revocable.

Each proxy shall automatically cease upon a member's criteria for membership ceasing to exist or upon receipt of notice by the Secretary or other officer or agent authorized to tabulate votes of the death or judicially declared incompetence of a member, or of written revocation. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 9. Majority. As used in these By-Laws, the term "majority" shall mean those votes, members, or other group, as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 10. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of more than fifty (50%) percent of the total votes existing in the Association shall constitute a quorum at all meetings of the Association. In the event a quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the quorum required at the first meeting.⁷ Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat.

Section 12. Record Date. The Association may establish such record dates for membership as may be authorized by the North Carolina Nonprofit Corporation Act or applicable North Carolina law.

Section 13. Action by Written Ballot. Any action to be taken at any annual, regular or special meeting of members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of any action shall be valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirement; state the percentage of approvals necessary to approve each matter other than election of directors; and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without the consent of the Board of Directors. The results of each action by written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of members filed in the permanent records of the Association.

Section 14. Electronic Action⁸

(a) Unless otherwise required by applicable law or by the Board, any action or proposed action taken under these Bylaws may be taken or consented to by electronic means, including (1) the giving of any notice or communication to or by any member, director, officer or committee member, (2) the establishment of any record, (3) the taking of any electoral action, including any vote or nomination, (4) the making of any payment, and (5) the placing of any signature of a member, director, officer or committee member.

(b) Any meeting of members, including any conference among members, by an electronic or other means of communication through which the members may simultaneously hear each other during the meeting constitutes a meeting of the members if the number of members participating in the meeting is sufficient to constitute any required quorum at a meeting. The term “members” in the preceding sentence specifically includes members of the Board of Directors or of any Committee established under Article V hereof. Participation in a meeting by such means constitutes presence in person at the meeting.

Article III **Board of Directors: Number, Powers, Meetings**

A. Composition and Selection.

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors. The⁹ directors shall be members or spouses of members; provided, however, that no person and his or her spouse may serve on the Board at the same time.

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Section 2. Number of Directors. The number of Directors in the Association shall be not less than three (3) as the Board of Directors may, from time to time, determine by resolution.¹²

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Section 3. Election and Term of Office.

(a) The initial terms of the Directors elected after termination of the Class “B” membership shall be fixed as provided herein, to wit: initially, the term of three (3) Directors shall run from the date of their election until one year from the date of the next annual meeting following their election; the terms of two (2) Directors shall run from the date of their election until two years from the date of the next annual meeting following their election; the term of two (2) directors shall run from the date of their election until three years from the date of the next annual meeting following their election. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. If additional directors shall exist their initial terms shall be fixed so as to create a staggered term thereafter. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association or until they resign, are removed or die, whichever first occurs. A majority of directors then in office may fill a vacancy on

the Board of Directors created by resignation or death and the newly appointed director may serve for the unexpired term of his predecessor. A decrease in the number of directors does not shorten an incumbent director's term. Nothing herein contained shall be construed to prevent the election of a director to succeed himself or herself.¹⁴

(b) At the first annual or special¹⁵ meeting of the membership after the termination of the Class "B" membership, and at each annual meeting of the membership thereafter, Directors shall be elected by members of the Association in accordance with their voting powers, as further specified in the Declaration and Articles of Incorporation. Members shall vote on all directors to be elected, and the candidates receiving a plurality of votes shall be elected.

Section 4. Removal of Directors. At¹⁶ any regular or special meeting of the Association duly called, anyone or more of the members of the Board of Directors may be removed, with or without cause, by a majority of the members authorized to vote for directors and a successor may then and there be elected to fill the vacancy thus created. If a successor is not elected then and there, the vacancy or vacancies created by the removal may be filled by action of the remaining directors, even though not a quorum.¹⁷ A Director whose removal has been proposed shall be given at least ten (10) days notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

B. Meetings.

Section 5. Organization Meeting. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 7. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President on his own motion or when requested by the Vice President or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by any electronic means permitted under Section 14 of Article II. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the

meeting. Notices given by personal delivery or telephone or other electronic means shall be delivered, telephoned, or otherwise given at least twenty-four (24) hours before the time set for the meeting.¹⁸

Section 8. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice. The waiver of notice need not specify the purpose of the meeting. A Director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the Director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 9. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 10. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Association at a regular or special meeting of the Association.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Robert's Rules of Order (current edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with North Carolina law, the Declaration, these By-Laws, direction of the President or Board resolution.

Section 12. Executive Session. The Board may with approval of a majority of a quorum of the Board members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature.

Section 13. Action Without a Formal 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 such action is evidenced by written consents, setting forth the action so taken, signed by at least a majority of the Directors; provided that such action is taken in accordance with the North Carolina Nonprofit Corporation Act.

C. Powers and Duties.

Section 14. Powers.

(a) The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members.

(b) Executive Committee.¹⁹ The Board of Directors may designate a number of directors less than the full board who shall constitute the Executive Committee of the Association. The Executive Committee, between meetings of the Board of Directors and subject to such limitations as may be required by law or imposed by resolution of the Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the Association. Meetings of the Executive Committee may be held at any time on call of its Chairman or any two members of the Committee. A majority of the members shall constitute a quorum at all meetings. The Executive Committee shall keep minutes of its proceedings and shall report its actions to the next succeeding meeting of the Board of Directors.

Section 15. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws.²⁰

(b) No management contract may have a term in excess of three (3) years. Any management contract must permit termination by either party, without cause and without termination fee, on ninety (90) days' or less written notice.

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Section 16. Rights of the Association. With respect to the Common Areas, or other areas of Association responsibilities, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other homeowners' or residents' associations, both within and without the properties. Such agreements shall require the assent of two-thirds (2/3) of the total votes of all Directors of the Association.²²

Article IV
Officers

Section 1. Officers. The officers of the Association shall be a President, one (1) Vice President, a Secretary, and a Treasurer. The Board of Directors may elect such other officers' including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person. The President, Vice President, Secretary²³ and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The Officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members as herein set forth in Article III. If officers are not elected at such meeting, such election shall occur as soon as possible thereafter. Each officer shall hold office until his or her successor has been duly elected and qualified or until said officer's earlier death, resignation, or removal.²⁴ A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by a majority vote of the Board of Directors, a quorum being present, with or without cause²⁵, whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be chief executive officer of the Association. In addition, the President shall have the responsibility for preparing and executing any amendments to the Declaration on behalf of the Association. The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board of Directors.²⁶ The Secretary shall have the responsibility of certifying and recording any amendments to the Declaration executed on behalf of the Association. The Treasurer shall have primary responsibility for the preparation of the budget, as provided for in the Declaration, and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

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

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed or issued by at least two (2) officers or by such other person or persons,

including the Association's Management Agent, as may be designated by resolution of the Board of Directors.²⁷

Article V Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in these By-Laws²⁸ and in the resolution. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The resolution adopted by the Board may require that a member of the Board be a member of the Committee, with such authority and voting capacity as the resolution may provide.²⁹

Section 2. Covenants Committee. The Board of Directors may appoint a Covenants Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the Provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee may act as a hearing tribunal of the Association for covenant violations.

Section 3. Parcel Committees³⁰. In addition to other committees as provided in Section 1 of this Article V, there may be established a Parcel Committee for each of the parcels contained in The Settings of Black Mountain. Each Parcel Committee shall consist of three (3) members; provided, however, that by vote of at least fifty (50%) percent of the residents of a Parcel this number may be increased to five (5). The members of the Parcel Committees shall be elected, and the terms of their service regulated, in a manner conforming as near as possible to that provided for Directors in Article III. Any Association Director elected from a Parcel shall be an ex officio member of the Committee. It shall be the responsibility of the Parcel Committee to determine the nature and extent of services, if any, to be provided to the Parcel by the Association in addition to those provided to all members of the Association in accordance with the Declaration. A Parcel Committee may advise the Board of Directors on any other issue but shall not have the authority to bind the Board of Directors. Each Parcel Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors. A Parcel Committee shall be advisory in nature, and the Board of Directors shall at all times have superior jurisdiction.

Section 4. Communications Committee³¹. The Board of Directors may appoint a Communications Committee consisting of at least three (3) and no more than five (5) members who shall advise the Board on communications by the Association with the members and with other persons affecting the interests of the Community and communications among such persons. In addition, the Committee may be assigned

responsibility for oversight and management of such newsletters, message boards, websites and other media as the Association may employ from time to time.

Article VI Miscellaneous

Section 1. Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors. Unless otherwise provided, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, these By-Laws, rulings of the President, or resolutions of the Board.

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

Section 4. Books and Records.

(a) Inspection by Members. A member is entitled to inspect and copy, at any reasonable time and location specified by the Association, any of the records of the Association described below if the member gives the Association written notice or a written demand at least five (5) business days before the date on which the member wishes to inspect and copy. The following records are subject to this inspection right and the Association shall keep a copy of these records:

- (1) The Articles of Incorporation and all amendments thereto;
- (2) The By-Laws and all amendments thereto;
- (3) Resolutions adopted by either the members of the Association or the Board of Directors which increase or decrease the number of Directors or the classification of Directors, or which relate to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members;
- (4) The minutes of all meetings and records of all actions approved by the members for the past three years;
- (5) All written communications to members generally within the past three years;

(6) A list of the names and business or home addresses of the current directors and officers of the Association; and

(7) The most recent annual report delivered to the North Carolina Secretary of State.

(b) Further Rights of Inspection by Members. A member is entitled to inspect and copy, at a reasonable time and reasonable location specified by the Association, any of the following records of the Association if the member meets the requirements of Section 4(c) below and gives the Association at least five (5) business days before the date on which the member wishes to inspect and copy:

(1) Excerpts from minutes of any meeting of the Board of Directors, records of any action of a committee of the Board of Directors while acting in place of the Board of Directors on behalf of the Association, minutes of any meeting of the members, and records of actions taken by the members or the Board of Directors without a meeting, to the extent not subject to inspection under Section 4(a) above;

(2) Accounting records of the Association; and

(3) A membership list; provided, however, if a member does not have the consent of the Board of Directors, then the membership list or any part thereof may not be obtained or used by the member for any purpose unrelated to the member's interest as a member.

(c) Limitations on Right of Inspection by Members. A member may inspect and copy the records identified in Subsection (b) of this Section 4 only if:

(1) The member's demand is made in good faith and for a proper purpose that is reasonably relevant to the member's legitimate interests as a member;

(2) The member describes with reasonable particularity the purpose and the records the member desires to inspect;

(3) The records are directly connected with this purpose; and

(4) The records are to be used only for the stated purpose.

(d) Rules for Inspection. The Board may establish reasonable rules with respect to:

(i) Hours and days of the week when such an inspection may be made; and

(ii) Payment of the cost of reproducing copies of documents requested by a member.

(e) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned by the Association. The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

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

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

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

Section 6. Audit. An audit of the accounts of the Association shall be made annually in such manner as the Board of Directors may decide; provided, however, that after having received the Board's audit at the annual meeting, the members, by a majority vote, may require that the accounts of the Association be audited as a common expense by a public accountant. Upon written request of any institutional holder of a first mortgage, such holder shall be entitled to receive a copy of the annual audited financial statements within ninety (90) days after the end of each fiscal year.

Section 7 Amendment. These By-Laws may be amended only by the affirmative vote or written consent of a majority of the members of the Board of Directors of the Association.

We, the undersigned, being all of the Directors of the Association do hereby certify:

That we are entitled to exercise all of the voting power of said Association's Board of Directors;

That we hereby assent to the within and foregoing By-Laws and hereby adopt the same as the By-Laws of said Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 20th day of March, 2013.

THE SETTINGS OF BLACK MOUNTAIN
ASSOCIATION, INC., A NORTH CAROLINA
NON-PROFIT CORPORATION

/S/ Donald Brannon
/S/ Kristin Holcomb
/S/ Jim Jones
/S/ Richard Kennedy
/S/ Jan Lupnacca
/S/ William O'Connor
/S/ John Zamzow

¹ It is intended that the amended By-Laws will be filed as a complete restatement rather than as a series of amendments. The reason is the large number of amendments that are made.

² Article I, Section 2: Reference to Class "B" membership as a current class of membership is deleted. However, a sentence is added that defines Class "B" membership for later reference in the By-Laws and notes that Class "B" membership has terminated.

³ Article I, Section 3: The phrase "to be recorded" is changed to "recorded". The recording of the Declaration is no longer a future event.

⁴ Article II, Section 3: The Board is of the view that the 10% figure is too low a percentage. Other NC HOAs have 20%, 25% and 33.33% or omit to specify. § 55A-7-02 (a) (2) of the North Carolina Non-profit Corporation Act provides: "(a) A corporation with members shall hold a special meeting of members: (2) Within 30 days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the corporation's secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held." The original By-Laws (as adopted on April 13, 2005) thus conform to the statutory language but a greater percentage is permissible. Assuming 243 Lots, only 25 Lots could force a Special Meeting. A 25% figure would require the votes of 61 Lots to force a Special Meeting.

⁵ Article II, Section 5: The addition of the phrase "to that member" makes the Section much clearer.

⁶ Article II, Section 6: The original has "is"; "are" would be more grammatical.

⁷ Article II, Section 10: The Board believes that the Quorum provisions in the original By-Laws would permit too few members to hold a meeting that would bind the Association. Assuming 243 Lots, the initial quorum requirement is more than 50% of the total votes or 122 votes. If 122 votes are not present, the quorum requirement drops to more than 50% of 122 votes or 62 votes. However, the original By-Laws allow a third attempt with a minimum quorum requirement of one-fifth of 122 or 25 votes. The Board does not believe that 25 is a sufficient number, especially if a bare majority of the 25 votes (or 13 votes) could bind the Association. Hence, the Board simply deleted the third round.

⁸ Article II, Section 14: This Section was not part of the original By-Laws. It was added by the Interim Board in order to allow actions to be taken and meetings to be conducted electronically. Upon review, the Board believes that the Section would benefit from certain clarifying changes.

⁹ Article IIIA, Section 1: The deleted introductory clause allowed persons who did not own Lots to be appointed as directors by the Declarant. The clause is deleted as obsolete.

¹⁰ Article IIIA, former Section 2: Former Section 2 was entitled "Directors During Declarant Control" and is deleted as obsolete. The sections have been renumbered.

¹¹ Article IIIA, former Section 3: Former Section 3 dealt with a veto power in the Declarant. It is deleted as obsolete.

¹² Article IIIA, renumbered Section 2, the sentence “The initial Board shall consist of three (3) members.” is deleted as obsolete.

¹³ Article IIIA, former Section 5 was entitled “Nomination of Directors.” The Board determined to delete it and to call for nominations from the membership at large.

¹⁴ Article IIIA, renumbered Section 3(a): This section has been extensively revised to create three classes of directors with staggered terms and to adjust for the fact that the initial directors were elected at a Special Meeting rather than an annual meeting. The renumbered section 3 also deletes the following language that was added by the Interim Board; “Notwithstanding the first sentence of this Section 6(b), the initial Directors to be elected following the termination of the Class “B” membership may also be elected by members of the Association at a Special Meeting of the Association called in accordance with Section 3 of Article II. A Nominating Committee shall be appointed by the Board of Directors holding office immediately prior to the termination of the Class “B” membership to make nominations for persons to be elected at the Special Meeting following the same requirements set forth in Section 5 of this Article III.” This provision clarified the authority to elect the initial board at a Special Meeting (as required by the Declaration) but is now deleted as obsolete.

The first sentence of renumbered Section 3(a) was added by a resolution of the Interim Board adopted on October 3, 2011 to adjust for a defect in the original By-Laws relating to the terms of directors elected at the first election following termination of Class B membership.

¹⁵ Article IIIA, renumbered Section 3(b): The words “or special” were added by a resolution of the Interim Board adopted on October 3, 2011 to adjust for the fact that the initial directors were to be elected at a Special Meeting rather than an annual meeting.

¹⁶ Article IIIA, renumbered Section 4: An introductory clause making reference to Class B membership is deleted.

¹⁷ Article III A, renumbered Section 4: The added sentence is necessary to deal with the case in which a director or directors are removed but no successor(s) are elected by the members.

¹⁸ Article IIIB, Section 7 (Special Meetings of the Board): Changes are made to eliminate references to notices by telegram and to add a reference to Section 14 of Article II on Electronic Action.

¹⁹ Article IIIC, Section 14: The Section is subdivided into new subsections (a) and (b). Subsection (a) is unchanged. New subsection (b) gives the Board of Directors the option of establishing an Executive Committee with such powers as the Board chooses to give it.

²⁰ Article IIIC, Section 15: This Section contained a sentence authorizing the Declarant or an affiliate of the Declarant to be the Association’s Management Agent. This sentence is deleted as obsolete.

²¹ Article IIIC, former Section 19 permitted the Board of Directors to borrow money for the purpose of improving, etc. the Common Area without the approval of the members. The Board determined to delete this authority.

²² Article IIIC, former Section 20, is renumbered as Section 16.

²³ Article IV, Section 1: The omission of the Secretary appears to have been a drafting oversight.

²⁴ Article IV, Section 2: Several provisions are added concerning the election and term of officers. These additional provisions are commonly found in corporate bylaws and are added for the clarity they provide.

²⁵ Article IV, Section 3: The phrase “whenever in its judgment the best interests of the Association will be served thereby” implies that removal of an officer may be “with or without cause”. However, the latter phrase is added to make the point explicit.

²⁶ Article IV, Section 4: The original By-Laws did not contain any description of the duties of the Vice President. The Board believes that such a description would be desirable and has added a common description.

²⁷ Article IV, Section 6: The Section has been slightly re-worded to make it more flexible in view of more modern methods of paying payments and executing documents.

²⁸ Article V, Section 1: The phrase “in these By-Laws and” is inserted to clarify that Committees established by the Board are subject to both the By-Laws and the resolutions of the Board of Directors.

²⁹ Article V, Section 1: The additional sentence makes clear that the Board, in establishing a Committee or in regulating a Committee authorized by the By-Laws themselves, may require that a Board Member be a member of the Committee. The member may be voting member or serve ex officio or have such authority as the Board may provide.

³⁰ Article V, Section 3. This section of the original By-Laws allows for the establishment of Parcel Committees and prescribes their authority and procedures. Various clarifying language changes have been made.

³¹ Article V, new Section 4, establishes a Communications Committee.