

BYLAWS HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the Corporation is HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the 'ASSOCIATION'. The principal office of the Corporation shall be located at Heritage Estates at NC HWY 163; the principal mailing address of the Corporation shall be Heritage Estates, 302 River Sound, West Jefferson NC 28694, but meetings of Members and Directors may be held at such places within the state of North Carolina, County of Ashe, or by such virtual meeting modes permissible under state law as may be designated by the Board of Directors.

ARTICLE II

PURPOSE

Section 1. To perpetually hold, acquire, maintain, regulate, expand or improve and/or beautify per Article IX-1-d-8 in these Bylaws and without profit to itself; such parks, walkways, driveways, waterways, Community buildings and other "Common Elements" as shall be established, erected or laid out by HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION, INC., a corporation empowered under direction of § 47F-3-102 and other laws of the State of North Carolina, for the perpetual use and benefit in common, for all purposes for which such common and community elements may be used, for each and all of the members of this Association. Subject to member-approved budgets, the Association may also set forth additional purposes designed for the benefit of all or a subset of homeowners in the Association and will house these in the Bylaws. As necessary for maintaining, repairing, and replacing the common elements, the Board shall assess members as provided in NCGS § 47F-3-115(c)(1).

Section 2. To administer and enforce the real covenants for preserving the architecture, appearance and community health and safety in the areas to which the Declaration and Bylaws have been made applicable.

Section 3. To promote inclusive self-government, good fellowship and neighborliness on behalf of all members of the Association; and

Section 4. To keep members informed of the various actions, meetings, plans and accomplishments of the Association.

ARTICLE III

DEFINITIONS

Section 1 - "ASSOCIATION" shall mean and refer to HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION, INC., its successors and assigns, being that North Carolina corporation registered July 16, 2008, and anticipated in Articles 1, 10, and 18 as the natural assign of Heritage Estates, Incorporated in its 1999 Declaration, as filed in the Ashe County Office of the Register of Deeds at Book 244, Pages 2255-2257, Nov. 8, 1999, and later amended with the Developer at Book 534, Pages 1521-1531, Nov. 8, 2021.

Section 2 - "Properties" shall mean and refer to that certain real property described in Declaration and Record Map, as recorded in the Office of the Register of Deeds for Ashe County, North Carolina and such additions, amendments, or corrections thereto as may hereafter be brought within the jurisdiction of the ASSOCIATION.

Section 3 - "Common elements" shall mean and refer to all the real property owned, leased by, or assigned by Right of Way to the ASSOCIATION for the common use and enjoyment of the Members. This shall include deeded common areas, community buildings, parks, walkways, and waterways, as well as areas managed under the Association's obligations to protect and maintain its roadways, platted right of way, or any other matters of record.

Section 4 - "Limited Common Areas" shall mean the six platted driveway easements reserved by the Record Map. As justified by the connectivity and annual assessments of the lots served, and in accordance with the Declaration,

the Association may perform such physical maintenance (for example, grading, drainage, culvert clearing) needed to ensure that these easements continue to connect the 12 individually specified lots (Lots 10, 11, 12, 14, 15, 22, 24, 32, 33, 45, 54, and 55) to the Heritage Estates road system. Beyond this, any legal defense of easement, improvement and/or routine maintenance of each drive easement are the responsibility of the associated lot owners.

Section 5 - “Lot” shall mean and refer to any numbered plot of land shown upon the recorded subdivision map of the properties of Heritage Estates designated for ownership or occupancy by a lot owner, use subject to any existing easements, right-of-way, or other matters of record.

Section 6 - “Lot owner” shall mean and refer to: (a) Natural persons who are recorded as lot owners in fee simple title to any lot which is part of the Properties, including contract sellers; (b) Managing members and/or designees of all partnerships that own property together, which includes tenants in common, L.L.C.s, and corporations, whether one or more persons or entities, of the fee simple title to any lot which is a part of the Properties, including contract sellers. This Section excludes from ownership all those who hold interest in a fee simple title to any lot which is a part of the Properties as security for the performance of an obligation. All Lot owners shall be members of the Association.

Section 7 - “Dwelling Unit” shall mean and refer to any portion of a building situated upon the Properties designed and intended for residential occupancy.

Section 8 - “Declarant” shall mean and refer to Heritage Estates, Incorporated, during the time that corporation existed.

Section 9 - “Declaration” shall mean and refer to the document entitled “RESTRICTIVE COVENANTS AND RESTRICTIONS AGREEMENT AFFECTING HERITAGE ESTATES, a subdivision in Obids Township, Ashe County, North Carolina” and all valid amended Declarations applicable to the Properties as are properly authorized by the members of the ASSOCIATION, and properly signed and recorded by the ASSOCIATION Board of Directors in the Office of The Register of Deeds of Ashe County, North Carolina.

Section 10 - “Member” shall mean and refer to those rights allocated to owners entitled to allocated interests of membership, assessments, and voting rights per lot as defined in NCGS § 47F-1 (103) (2-6), in the Declaration, and further described in these Bylaws.

Section 11 - “Voting Rights” shall mean and refer to the right of Lot Owners to cast one (1) indivisible vote per lot on matters submitted to the Membership for a vote, except only as permitted when assessments are current. Any lot combined in any manner other than by the Declarant which does not result in extinguishing the assessment for that lot shall also maintain the voting rights for the original lot. Lots for which assessments are in arrears at the time of a vote will not carry a vote.

Section 12 - “Right of Way” – shall mean and refer to those platted elements set aside upon the privately held lots on the Record Map. These standard 45-foot-wide corridors, supplemented by four platted 45 foot by 65-foot turnaround boxes, are designated to hold the subdivision’s paved road surfaces, as well as those various assets managed in the ASSOCIATION’S common interest (which include but are not limited to additional road surfacing, ditches, utility lines, community lighting, and guard rails) such as the Association shall see fit to place. Right of ways may also hold lot owner improvements such as culverts for private driveways, driveway connections to the paved roadbed edge, ornamental plantings, driveway markers, lamp posts, and address posts. Improvements in the Right of Way may be subject to Board review, and may be removed, if necessary to protect the community interest. Per the Record Map and Declaration, administration of the Right of Way runs with and is bound to the land and cannot be treated as, or represented to be, property free of this encumbrance (including but not limited to fenced, walled, or posted against trespassing), nor improved to prove color of title. In spite of any improvements, the Right of Way exists indefinitely, with landowners having rights of reversion only.

Section 13 - “Record Map” shall mean and refer to Sheet 1 and 2 of the Heritage Estates subdivision’s original survey (Record Map of Heritage Estates) as filed and certified November 10, 1999 with the Ashe County Register of

Deeds (as Plat Book 5, page 566) which constitutes the county's legal record of Heritage Estates' platted lots, right of ways, driveway and utility easements, along with the monuments and control points from which they are set out.

Section 14 - "Assessments" shall mean and refer to those covenanted payments contributed to the Association, as approved by members to operate and maintain the planned community per NCGS § 47F-3-107.

Section 15 - "Private Roads" refers to the fact that the roads within Heritage Estates subdivision are maintained and governed by the Association, rather than having been transferred to the public domain.

ARTICLE IV

MEMBERSHIP AND PROPERTY RIGHTS

Section 1 - "Membership", Every Owner of a Lot, as defined herein per Article III, Section 6, which is subject to annual assessments shall be a Membership of the Association as described in the Declaration (Book 244, Pages 2255-2257, Nov. 8, 1999; and amended in Book 534, Pages 1521-1531, Nov. 8, 2021). Membership shall not and may not be separated from ownership of any Lot or Dwelling Unit that is subject to annual assessments. The voting rights of the Members are as provided by the Declaration and state statute.

Section 2 - "Property Rights" Each Member shall be entitled to the use and enjoyment of the Common Elements and facilities located thereon as provided in the Declaration. Any Member may delegate his or her (hereinafter referred to as HE, HIS) rights of enjoyment of the Common Elements and facilities to the members of his family, tenants, guests, or contract purchasers who reside on his property, provided said Member is responsible for any damage to such Common property. Rights and privileges of such delegates are subject to suspension to the same extent as those of the Members. As mediated by the Association's regulating interests defined in the Declaration and the Architectural Review Committee checklist, members shall have the right to place on any owned lot(s) non-affixed recreational or decorative personal property (for example, picnic tables, seats, benches, swings, playhouses, tree-houses, birdhouses, bird baths), as well as removable affixed property (such as fences, pathways, stairways, bridges, firepits, landscaping, gardens, gazebos, and transportable storage sheds up to 200 square foot). Subsequent to an Architectural Committee checklist approval for construction of an approved residence, or legal combination of an adjacent unimproved lot with a residence that has met Architectural Review Committee approval, Members shall have the right to make permanent real property structural improvements upon said lot(s), such as unattached out-buildings with foundations. Definitions for these forms of property are as fixed under NCGS § 105-164.3 (31a, 31k; and 205).

Section 3 - Powers reserved to the Members. Members are reserved certain powers. Including but not limited are the following:

- a. Approve and amend the Declaration, also known as CC&Rs (by 2/3 of all votes comprising the membership) and bylaws (by majority vote of all meeting attendees or their proxies, provided a quorum was represented),
- b. Approve capital improvements (by majority vote of all meeting attendees or their proxies, provided a quorum was represented),
- c. Approve annual budgets (by majority vote of all attendees or their proxies at an annual meeting),
- d. Attend and request an open meeting of the Board,
- e. Call special membership meetings (per the terms of North Carolina Planned Community Act),
- f. Dissolve the association by an 80% vote of all votes comprising the membership and as such a vote is individually allowable by relevant Planned Community Riders on mortgages held by the Member at the time of the vote),
- g. Elect the board of directors at Annual Membership Meetings,

- h. Enforce the Declaration,
- i. Inspect the association's records, and delegate that individual right to designated legal and realty professionals,
- j. Petition the board,
- k. Receive the membership list as dictated per state law, and otherwise by request,
- l. Remove directors from the board (per NCGS § 55A-8-08 and § 47F-3-103),
- m. Serve on the board,
- n. Exercise any other powers reserved to the members by governing documents or laws.

ARTICLE V

MEETINGS OF MEMBERS

Section 1 - Annual Meeting. The regular annual meeting of the Members shall be held between April 1 and December 31 of each calendar year.

Section 2- Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request by one-fourth (¼) of all votes comprising the Membership.

Section 3- Notice of Meeting. Written notice of each and any meeting of the Members shall be given by, or at the direction of, the Secretary, the President, or person authorized or delegated to call the meeting, by first class mail, postage pre-paid, and/or electronic mail. A copy of such notice must be received by each Member at least ten (10) days before each meeting for which that Member entitled to vote. Addressed to the Member's postal or email address last appearing on the books of the Association, or supplied by each Member to the Association for the purpose of notice, such notice shall specify the place, day, time, and purpose of the meeting. Waiver by a Member, in writing, of the notice required therein, signed by them before or after such meeting, shall be equivalent to the giving of such notice. Notices may also be posted to the members-only section of the HEPOA website as long as the above individual notices are provided. Members with electronic addresses on file must notify the Board in writing if they wish to be notified by US mail.

Section 4- Quorum. The presence in-person or by proxy at the meeting of Members entitled to cast twenty percent (20%) of the votes of the Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. Under the NC Planned Community Act, if business cannot be conducted because a quorum is not present, the meeting may be adjourned to a later date by a majority vote of those present in person. Notwithstanding any provision to the contrary in the declaration or bylaws, the quorum requirement at the next meeting is one half of the requirement applicable to the meeting adjourned for lack of a quorum. This provision continues to reduce the quorum by fifty percent (50%) from the previous meeting until such time as a quorum is present and business can be conducted. (NCGS § 47F-3-109-c)

Section 5- Proxies and Remote Ballots. All voting at in-person meetings shall allow voting in-person or by proxy. Any use of individual or combined remote electronic and/or written ballots, will be conducted consistent with NCGS § 55A Article 7 and its occasional updates.

ARTICLE VI

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1- Number. The affairs of this Association shall be managed by a Board of Directors who shall be Members of the Association. The Board of Directors (hereinafter referred to as "the Board") shall consist of seven (7) Members including the Officers. The transition from 9 Board members to 7 will be completed at the time of the annual elections in 2023.

Section 2- Term of Office. At each annual election the Members shall elect either two (2) or three (3) Directors, depending on which part of the cycle of the (7) Directors' three (3) year term replacements is current. Directors shall serve for a term of three (3) years each, or until their successors are properly chosen in an annual election, whichever condition is met first.

Section 3- Removal. Following the guidelines set under NCGS § 55A-8-08 any Director, or the entire Board, may be removed by a majority vote with or without cause, as long as the Members' meeting to carry out that vote is duly called and with specific notification of that purpose. Under NCGS § 55A-8-08 (i), any Director may be removed by Board majority vote because of violating the Board's meeting attendance policy.

Section 4- Compensation. No Director shall receive compensation for any service rendered to the Association as a Director. However, any Director may be reimbursed (with appropriate receipts and prior Board authorization) for actual expenses incurred in the performance of duties on behalf of the Association. The HOA shall have a procedure for prior approval of spending that is to be reimbursed, as per NCGS § 47F-3-118. The Association records shall reflect both prior approval and reimbursements.

Section 5- Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining approval of a majority of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. A record of any such actions shall be entered, by the Secretary, into the Association records as required in Article X: Section 8 (c).

Section 6- Implied Rights; Board Authority. The Association may exercise any right or privilege given to it expressly by the Declaration, Bylaws, and Articles or reasonably implied from or reasonably necessary to effectuate any such right or privilege within the limits set by law (NCGS § 47F-3-104). Except as otherwise specifically provided in the Declaration, Bylaws, Articles, or under NCGS § 47F-3-103, all rights and powers of the Association may be exercised by the Board without a vote of the membership. The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common and Limited Common elements, enforcement of the Declaration, Bylaws, and Articles of Incorporation, or any other civil claim or action and may obtain counsel to assist, litigate, or advise. However, the Declaration, Bylaws, and Articles shall not be construed as creating any independent legal duty to institute litigation on behalf of, or in the name of, the Association or its members. In exercising the rights and powers of the Association, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with the standards set forth in Articles IX and X of these Bylaws, as well as pertinent state laws and any relevant and properly instituted policy created by the Board, which includes but is not limited to the Association's anti-harassment, ethics and conflict of interest, and fiscal controls policies.

Section 7- Indemnification of Officers, Directors and Others. The Association shall indemnify and shall hold harmless every officer, director and committee member against all damages and expenses, including legal fees, reasonably incurred in connection with any action, suit, or other proceeding; including settlement of any suit or proceeding, if approved by the then Board of Directors to which he may be a party by reason of being or having been an officer, director or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Article and North Carolina law. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual knowing and willful misfeasance, malfeasance, misconduct, or bad faith actions. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association, except to the extent that such officers or directors may also be members of the Association. The right to indemnification shall not be exclusive of any other rights to which any present or former officer, director or committee member may be entitled. The Association shall maintain adequate general liability and officers and directors liability insurance to fund this obligation.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1- Nomination. Nominations for election to the Board of Directors shall be made by a Nominating Committee, excepting that the Board of Directors, at its discretion may act as the Nominating Committee. All members shall be given the opportunity to make nominations prior to the Annual Membership Meeting. Instructions for this opportunity shall be included in the notice of the Annual Membership Meeting which is sent to all members. Self-nomination as a write-in may be made from the floor at the Annual Membership Meeting. By placing her/his name in nomination as a write-in, the Member so declares willingness to serve if elected. Additional nominations may be made from the floor as a write-in provided said nominee has given prior permission and has agreed to serve as elected. The Nominating (or the Board in its stead) committee shall make as many nominations from the Membership 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 shall be made from members of the Association. Directors may be nominated for successive terms.

Section 2- Election. Election to the Board of Directors shall be by secret ballot. At such election, the Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Votes may be cast as allowed by NCGS § 55A Article 7. A record of attendance at the Annual Membership shall be maintained. The persons receiving the largest number of votes for each vacancy shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

MEETING OF DIRECTORS

Section 1- Regular Meetings. Regular meetings of the Board of Directors shall be held at such intervals as may be established by the Board from time to time without notice other than to each Director, and at such place and hour as may be fixed from time to time by the Board. The Board shall establish, and notify to the membership with at least 10 days of advance notice, at least one meeting per year, an opportunity to attend a portion of an executive board meeting and to speak to the executive board about issues or concerns, as per the terms of NCGS § 47F-3-108-b. The Board shall also have the power to allow Members open forum opportunities at Board meetings upon request, as long as the 10-day notice requirement to the entire membership is also respected. The Board may meet in person or remotely by phone or video conference, with business handled thusly having the same force, and obligated to the same reporting as an in-person Board meeting.

Section 2- Special Meetings. Special meetings of the Board shall be held when called by the President of the ASSOCIATION or by any two Directors after not less than three (3) days' notice to each Director.

Section 3- Quorum. As of the effective reduction of the Board to seven (7) seats in 2023, a majority of the number of Directors, no less than four Directors, shall constitute a quorum for the transaction of business. For all meetings, an attempt is to be made to contact all current Board members. Any action which can be taken by the Board requires four (4) affirmative votes, regardless of the number of members in attendance and voting. Every act or decision done or made by a majority of the Directors shall be regarded as an act of the Board.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1- Powers. The Board of Directors shall have the power to:

- a. a. On behalf of the Association, hold the deeds to the Common Elements and Facilities.
- b. b. Adopt and publish Rules and Regulations governing the use of the Common Elements and Facilities and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof.
- c. As mediated by NCGS §47F-3-102(12) and §47F-3-107.1 may suspend the voting rights and right to use the Common Elements by a member during any period in which such member shall be in default in the

payment of any assessment or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

d. Exercise for the Association all powers, duties and authority vested or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, and any and all of those powers and other rights granted by the North Carolina Planned Community Act, especially under NCGS §47F-3- 102, including the following:

- 1) Adopt rules and regulations for the Common areas and all other areas under the supervision of the Board. Draft and recommend amendments to the Bylaws and Declaration to the Membership for approval,
- (2) Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from lot owners,
- (3) Hire and discharge managing agents and other employees, agents, and independent contractors,
- (4) Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the planned community, and to retain counsel to advise, assist, litigate, and advise,
- (5) Make contracts and incur liabilities; the Board will present a proposed budget for the upcoming year to the membership at the Annual Meeting, upon which the members will vote to approve or reject. The Board may then spend the funds approved in the budget. Additionally, the Board may approve spending as needed for unexpected expenses with a majority vote of the Board. In keeping with the purpose (Article I:1) of these bylaws and under the authority given to the Board by the North Carolina Planned Community Act the Board may act on behalf of the Association to complete projects and address Association issues that are not included in the normal annual operations of the Association and which go beyond unexpected, emergency situations. The Board will present any such plans and anticipated costs to the membership in the proposed budgets, or by special vote for approval. For any project over \$1000, the Board is to obtain not less than two (2) cost estimates – unless such estimates are not reasonably available. In no instance may the Board approve an open-ended contract for a specific project or otherwise engage any work to be done without a maximum cost fixed in advance,
- (6) Regulate the use, maintenance, repair, replacement, and modification of common elements,
- (7) Cause additional improvements to be made as a part of the common elements,
- (8) Acquire, hold, encumber, and convey in the Association's name any right, title, or interest to real or personal property, provided that deeded common elements may only be encumbered or conveyed or subjected to a security interest pursuant to NCGS § 47F-3-112,
- (9) Grant easements, leases, licenses, and concessions through or over the common elements,
- (10) Impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than the limited common elements and for services provided to lot owners,
- (11) Impose reasonable charges for unpaid annual assessments of ten percent (10%) compounded annually. Issue with the annual assessment notice any ongoing balance of unpaid assessments and their accumulated compound interest,
- (12) After notice and an opportunity to be heard, impose reasonable fines, or suspend privileges or services provided by the Association (except rights of access to lots) for reasonable periods for violations of the Declaration, Bylaws, and rules and regulations of the Association,

- (13) Impose reasonable charges in connection with the preparation and recordation of documents, including, without limitation, amendments to the Declaration or statements of unpaid assessments,
- (14) Provide for the indemnification of and maintain liability insurance for its officers, executive board, directors, employees, and agents,
- (15) Assign its right to future income, including the right to receive common expense assessments,
- (16) Approve the Architectural Committee checklist for new dwellings. This document specifically invalidates and supersedes the September 5, 2009, document "Architectural Review & Approval Process. With regard to the Board's oversight of the Architectural Committee, the Board may consider mitigating circumstances and allow extensions (into a second year only) delaying a determination that completion of construction is overdue and thus subject to penalties,
- (17) Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association, and
- (18) Exercise any other powers necessary and proper for the governance and operation of the Association (1998-199, s. 1; 2004-109, s. 4; 2005-422, s. 1.).

e. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

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

- a. a. 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 any special meeting when such statement is requested in writing by one-fourth (1/4) of the votes of the Membership.
- b. Supervise all officers, agents, and employees of this Association and to see that their duties are properly performed.
- c. As more fully provided in the Declaration:
 - 1. By January 5, send written notice of each annual assessment to every Lot owner. Assessments shall be considered overdue if not received by March 15.
 - 2. Place and maintain a lien against any property for which annual assessments and any late fees and interest are not paid by the end of the year for which they were due. Once filed, said lien shall be maintained annually until paid, at which time action will be taken to remove the lien and the owner will be notified by posted mail.
 - 3. The Association has the right to bring an action at law (executed as per NCGS §47F-3-116) against any Lot owner personally obligated to pay, for unpaid annual assessments.
- d. Issue, or to cause an appropriate officer to issue, upon demand by any authorized person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates.
- e. Procure and maintain adequate liability insurance covering the Association, its Directors, Officers, agents, employees, and volunteers and to procure and maintain adequate property insurance on the real and personal property owned by the Association. If property insurance is not reasonably available, the membership shall be notified. Notification shall include an explanation of the reasons for not maintaining such a policy.
- f. The Association shall maintain insurance to protect against mismanagement and fraud.
- g. Cause the Common Elements to be maintained per NCGS §47F-3-107. In the event of a budgetary shortfall, the Association shall present a special assessment budget to the Membership for vote.

- h. Shall maintain fraud prevention and fiscal controls. Fiscal controls are to be outlined in a policy that is available to members.
- i. Uphold the Anti-Harassment, Ethics and Conflict-of-Interest, Fraud Prevention, and Fiscal Control policies.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1- Enumeration of Officers. The officers of this Association shall consist of a President, Vice- President, Secretary, Treasurer, and Assistant Treasurer, each elected to serve a one-year term. The President, Vice-President, Secretary, Treasurer and Assistant Treasurer must be members of the Board of Directors.

Section 2- Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors at which the terms of the most recently elected members has begun.

Section 3- Term. The officers of the Association shall be elected annually by the Board, and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4- Special Appointment. 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 the authority, and perform such duties as the Board may, from time to time, determine.

Section 5- Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or 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- Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7- Multiple Offices. No two offices may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices pursuant to Section 4 of this Article.

Section 8- Duties. The duties of the officers are as follows:

- a. President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes, and other written instruments; respond to realtor requests for mandated planned community owner disclosure data and may co-sign all checks in the event of the absence, disability, or refusal to act of the Treasurer or Assistant Treasurer.
- b. Vice-President: The Vice-President shall act in the place and stead of the President in the event of his absence, disability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board, including oversight of an annual review of the adequacy of the Association's insurance policies.
- c. Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members and enter into the minutes of the next Board meeting or Annual Membership Meeting (whichever comes first) all actions taken by the Board without a meeting, as required in ARTICLE VI; Section 5; serve notice of meetings of the Board and of the ASSOCIATION together with their addresses and shall perform such other duties as required by the Board.
- d. Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the ASSOCIATION and shall disburse such funds as directed by resolution of the Board of Directors; shall authorize payment of all checks and co-sign promissory notes of the ASSOCIATION; keep proper accounts; and shall prepare a statement of income and expenditures to be presented to the membership at its regular annual meeting and make copies available to Members upon request. If cash accounting procedures are used, the treasurer shall provide the members with a budget that reflects the annual operating budget and annual expenditures. Both the Treasurer's Report (balance

sheet) and the Income and Expense statements will be available to members within 75 days of the end of the Fiscal Year (March 15). The Treasurer shall present a proposed annual operating budget to the members prior to the annual meeting. The members will vote to approve or reject this at the annual meeting. The proposed budget shall contain a contingency line item for unexpected expenses. Any funds remaining beyond the budgeted expenses and a reasonable operating expense surplus or contingency line shall be deemed to be surplus funds and will be handled as per the requirements of NCGS § 47F-3-114 and IRS regulations. The Treasurer shall present a year's end report by March 15 on the adequacy of the Reserve fund and outcome of the previous year's operating budget. The Treasurer shall additionally undertake such goals as outlined in the Board-approved Treasurer's Job Description.

e. Assistant Treasurer: The Assistant Treasurer, or another Board-designated member, shall co-sign all checks of the ASSOCIATION. The Assistant Treasurer shall act in the place and stead of the Treasurer in the event of absence, disability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board. The Board may authorize an additional member to co-sign checks, provided such authorization is in accordance with banking regulations. In no instance are two check signers to be members of the same household. It is noted that the bank cannot require two signatures on a check, so the Association's fiscal procedures shall include a second designee to review each expenditure and note in writing whether there was an associated receipt, contract, date, and amount.

ARTICLE XI COMMITTEES

The Officers - the President, Vice President, Secretary, Treasurer, and Assistant Treasurer may act as the Executive Committee as they see fit. The Board of Directors shall appoint other committees as it shall deem necessary, as provided in these articles.

ARTICLE XII RECORDS AND BOOKS

The records, books, and papers of the ASSOCIATION shall, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the ASSOCIATION shall be available for inspection by any Member at a location agreeable to the parties involved, where copies are provided electronically or may be purchased at a reasonable cost. Such of these and other records and books of the Associations that the Board of Directors see fit may also be posted under password for all members on the Association website.

ARTICLE XIII ANNUAL ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the ASSOCIATION annual assessments which, when overdue may be secured by a continuing lien upon the property against which the assessment is made. Any annual assessments which are not paid when due shall be delinquent. If the annual assessment is not paid by the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum or highest allowed by law, and the ASSOCIATION may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Elements or abandonment of his Dwelling Unit or Lot.

ARTICLE XIV CORPORATE SEAL

The ASSOCIATION shall have a seal in circular form having within its circumference the words: HERITAGE ESTATES PROPERTY OWNER ASSOCIATION, INC., Ashe County, North Carolina.

ARTICLE XV
AMENDMENTS

Section 1 - These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, or in any other manner consistent with NCGS § 55A-7 in its most current version.

Section 2 - In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVI
MISCELLANEOUS

Section 1 - The fiscal year of the ASSOCIATION shall begin on the first day of January and end on the 31st day of December of every year.

Section 2 - Non-Waiver. Failure or neglect by the Association, at any time, to enforce any of the provisions of the Declaration, Bylaws, or Rules shall not in any manner be construed to be a waiver of the Association's rights in that regard and in terms of Declaration, Bylaws, or Rules.

Section 3 - Interpretation. To the extent that these Bylaws contradict NCGS Chapters 55A and/or 47F, the Statute shall supersede the Bylaw in question. In this event, all remaining Bylaws which do not contradict NCGS Chapters 55A and/or 47F shall be read as if the contradicting Bylaw had been removed from this document. To the extent that NCGS Chapters 55A and/or 47F do not directly address the topic of a Bylaw, that Bylaw will be effectively binding as written.