

BYLAWS OF
HIGH VISTA HOMEOWNERS' ASSOCIATION, INC.

Effective with Incorporated Changes April 28, 2005

ARTICLE I

Purposes of Association

HIGH VISTA HOMEOWNERS' ASSOCIATION, INC., (herein referred to as the "Association") is established and shall function for the purposes stated in March 28, 1978 Protective Covenants Agreement executed by High Vista Country Club, Inc., (herein the "Club") a North Carolina non-profit corporation, which Agreement is recorded in Deed Book 1186, at Page 113, in the Buncombe County, North Carolina Public Registry and in Deed Book 562, at Page 407, in the Henderson County, North Carolina, Public Registry.

ARTICLE II

Membership of Association

Section 1 :The owner(s) (whether a person, firm or corporation) of each numbered residential lot or townhouse as shown on Plats of portions of the real property of the Club now or hereafter duly filed for record in the Public Registry for Buncombe and for Henderson County, North Carolina, and the owner(s) of any condominium or similar residences (said lots, townhouses and condominium units hereinafter collectively "Property") now or hereafter subjected to the provisions of the Protective Covenants Agreement above referred shall be deemed to become a member of the Association upon acceptance by such owner of the deed of conveyance for such Property and shall remain a member of the Association until conveyance or other legal transfer of ownership of said Property to another person, firm or corporation. Upon conveyance or other legal transfer of ownership of Property, the transferee shall be deemed to succeed to all rights and obligations of the original member. The Association shall not, however, be required to transfer memberships on its books or allow the exercise of any rights or privileges of membership on account thereof to any Property owner or to any persons claiming under such Property owner unless or until all assessments and charges due the Association on all Property owned by a member have been paid.

Section 2 : If more than one person is the owner of Property, there shall be only one membership for such Property and the voting rights in the Association with reference to such Property shall be exercised jointly by such owners if they be two in number or by a majority if they be three or more in number.

ARTICLE III

Board of Directors

Section 1 : The Association's governing body shall be known as its Board of Directors and shall be the same body and shall have the same rights, authority and obligations as the body designated as the "Board of Governors" in the Protective Covenants

Agreement above referred to. "Board Directors will represent the association membership and conduct business on its behalf. Collectively and by majority vote the Board will establish operating policies and regulations, plan and execute annual budgets, maintain capital reserves and authorize day to day operations, as well as maintenance and improvements to Association assets. These assets include but are not limited to right of ways, common areas, and security structures and equipment.

To ensure effective and efficient operations and budgeting, the Board will determine the disposition of any operating budget surplus. They will decide to allocate surplus to specific budget line items for rollover into the following fiscal year, allocate surplus to capital reserve funds, or remit surplus to members either as a payout or a credit against the following year's property assessment."

Section 2 : The Association's Board of Directors shall be nine (9) in number. Member-elected Directors shall be designated for two (2) year terms each. No member-elected Director may serve more than two (2) consecutive terms and then must retire from the Board for at least one (1) year before being again eligible for election. The members of the Association shall at the Association's annual meeting elect Directors of the Board of Directors. The eight (8) Directors elected shall annually elect a ninth (9th) member of the Board of Directors, who will serve a 2-year term. A vacancy (whether resulting from resignation, death or other determined inability to serve) on the Association's Board of Directors shall be filled (a) by a majority of the remaining Association-elected members of the Board of Directors if the vacancy relates to an Association-elected member or (b) by a majority of the remaining members of the Board of Directors if the vacancy relates to the ninth (9th) Board member. All members of the Association's Board of Directors shall be members in good standing of the Association.

Section 3 : From and after January 1, 1983, annual meetings of the Board of Directors may be held at such time during the month of March or April and at such place as shall be determined from time to time by a majority of the Directors. Notice of annual meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such meeting. At said annual meeting, the Association's officers for the year shall be elected and such action shall be taken with reference to the budget for the then-current calendar year as may be appropriate and necessary.

Section 4 : Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of a majority of the Directors.

Section 5 : Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 6 : At all meetings of the Board of Directors, a majority of all Directors shall constitute a quorum for the transaction of business and acts of the majority of the Directors present at a meeting at which a quorum is present shall be acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 7 : In addition to the foregoing means of holding annual or special meetings, any action may be taken by the Board of Directors upon the written assent of all the members of the Board, which written assent shall be made a part of the proceedings of the Association.

Section 8 : No member of the Board of Directors shall receive any compensation for serving in said capacity.

ARTICLE IV

Officers

Section 1 : The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected annually by and from the Board of Directors. The Directors may also elect an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2 : The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3 : Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause. Officers may resign upon notification to the Secretary or President. In either event, successor officers may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4 : The President shall be the Chief Executive Officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors and shall have all of the general powers and duties which are usually vested in the office of President of a corporation.

Section 5 : The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be delegated to him or her by the President or the Board of Directors.

Section 6 : The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association, shall maintain the membership records of the Association, shall have charge of such books and papers as

the Board of Directors may direct, and shall, in general, perform all the duties incident to the Office of Secretary, including maintaining custody of the Association's official seal and affixing same to documents as authorized by the Board of Directors.

Section 7 : The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association, and shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors; provided, however, that the Treasurer shall not be responsible for such of the foregoing matters **as have been delegated to any management agent or other person**, firm or corporation by contract with the Association.

Section 8 : No officer shall receive any compensation for serving in said capacity.

ARTICLE V

Committees

Section 1 : The Housing Committee of the Association shall consist of seven members, including a Chairman and Vice-Chairman, appointed annually by the Board of Directors. The Committee shall, subject to review and approval by the Board as it deems appropriate, be responsible for enforcing the provisions of the Protective Covenants Agreement other than establishment and collection of Association assessment.

Section 2 : The Board of Directors may from time to time establish and appoint members to such additional committees as the Board of Directors may deem to be appropriate to proper governance of the Association's affairs.

Section 3 : All members of all committees shall be owners of Club residential lots. Committee members need not but may be members of the Board of Directors.

Section 4 : Committee meetings shall be held as provided in the foregoing Article III relating to the meetings of the Board of Directors.

Section 5 : No committee member shall receive any compensation for serving in said capacity.

ARTICLE VI

Membership Meetings

Section 1 : All meetings of the Association's members shall be held at the office of the Association or at such other place convenient to the members as is designated by the Board of Directors.

Section 2 : An annual meeting of members, commencing with the year 1983, shall be held during the month of March or April as designated by the Board of Directors, at which the members shall elect, by a plurality vote, members of the Board of Directors as

provided in Article III, Section 2, of these Bylaws and transact such other business as may properly be brought before the meeting.

Section 3 : Written notice of the annual meeting shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days prior to the meeting. Such notice shall state the time and place of the meeting and shall state whether assessments subject to membership approval are to be considered at said meeting.

Section 4 : Special meetings of the Association, for any proper purposes, may be called by the President, or by the Secretary at the written request of a majority of the Board of Directors, or at the written request of members having at least twenty-five (25%) per cent of the total number of votes of all members of the Association. Such request shall state the purposes of the proposed meeting.

Section 5 : Written notice of a special meeting of members, stating the time, place and purpose of such meeting, shall be mailed to each member entitled to vote thereat at such address as appears on the books of the Association, at least ten (10) days before such meeting.

Section 6 : Notice of any meeting shall be given to the members by the Secretary. Notice may be given to the member by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each member shall register his address with the Secretary and notices of meetings shall be mailed to his such address. Notice of any special meeting shall set forth in general the nature of the business to be transacted. Anything herein to the contrary notwithstanding, any notice required to be given to any member or owner shall be deemed to have been properly given if sent to the person or entity who appears as owner in the records of the Association on the first day of the calendar month in which said notice is mailed. Notice to one (1) of two (2) or more co-owners shall constitute notice to all co-owners. It shall be the obligation of every member to immediately notify the Secretary of the Association of any change of address or change of ownership.

Section 7 : The vote of a majority of the members present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by provision of the Protective Covenants Agreement or of these Bylaws a different vote is required, in which case such provision shall govern and control the decision of such question, expressly including the provisions of Paragraph 22 of the Protective Covenants Agreement requiring approval by two-thirds (2/3rds) in number of Property owners for certain assessments and the right of Property owners to approve the same by consent in writing subsequent to a meeting of the Association's membership.

Section 8 : At any meeting of the members, every member having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such member. All proxies must be filed with the Secretary prior to or at the meeting at which the same will be voted. No proxy shall extend beyond a period of five (5) years from its date and every proxy shall automatically cease upon the sale by the member of his interest in the Property.

ARTICLE VII

Miscellaneous

Section 1 : Annual Report. The President shall submit in writing to the annual meetings of the Board of Directors and members of the Association a report of the operations and the financial condition of the Association as of the end of the preceding fiscal year.

Section 2 : Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Association, and such authority may be general or confined to specific instances.

Section 3 : Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors approved by a majority of the Board of Directors. Such authority may be general or confined to specific instances.

Section 4 : Checks and Drafts. All checks, drafts or other orders for payment of money issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5 : Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors shall direct.

Section 6 : Bonds. The Board of Directors may by resolution require any or all officers, agents and employees of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

Section 7 : Fiscal Year. Unless otherwise ordered by the Board of Directors, the fiscal year of the Association shall be from April 1 to March 31.

Section 8 : Seal. The corporate seal of the Association shall consist of two (2) concentric circles between which is the name of the Association and the name of its state of incorporation (North Carolina) and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

ARTICLE VIII

Indemnification

Section 1 : Indemnification in actions by outsiders. When by reason of the fact that he is or was serving as director, officer or agent of the Association, or in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise, any person is or was a party of is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, not brought by the Association nor brought by any party

seeking derivatively to enforce a liability of such a person to the Association, such person shall be entitled to indemnification or reimbursement by the Association for any expenses, including attorneys' fees, or any liabilities which he may have incurred in consequence of such action, suit or proceedings, as permitted by the laws of the State of North Carolina.

Section 2 : Indemnity for litigation expenses in corporation action. When a present or former director, officer, employee or agent of the Association or any person who has served or is serving in such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise, is sued, alone or with others, in the courts of this State, in any action seeking to establish his liability to the Association arising out of his alleged dereliction of duty to the Association, he shall in turn be entitled to indemnification or reimbursement from the Association for so much of his expenses of defense, including attorneys' fees, as permitted by the laws of the State of North Carolina.

Section 3 : Insurance. The Association may purchase and maintain insurance on behalf of any of its officers, directors, agents or employees against any liabilities asserted against such persons whether or not the Association would have the power to indemnify such person against such liability under the laws of the State of North Carolina.

ARTICLE IX

Amendments

Section 1 : Initial Amendments. Amendments to these Bylaws may be proposed and adopted by the Board of Directors prior to approval hereof by a majority in number of Property owners at a meeting of the Association called for such purpose.

Section 2 : Subsequent Amendments. After initial approval of these bylaws by the members of the Association, amendments to these Bylaws may be proposed by the Board of Directors of the Association, acting upon a vote of the majority of the Directors, or by members of the Association holding a majority of the votes in the Association, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendment or amendments to these Bylaws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the members of the Association for a date not sooner than twenty (20) days or later than ninety (90) days from receipt by such President or other officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth. In order for the amendment or amendments to become effective, the same must be approved by the affirmative vote of at least fifty (50%) of the vote of all Property owners then in good standing as members of the Association.

Section 3 : Exceptions. No amendments may be made to the provisions of these Bylaws which would conflict with the provisions of the Protective Covenants Agreement.

Amendments to the Protective Covenants Agreement shall be made as provided in Paragraph 25 thereof.