

**By-laws of Lake Forest Association, Inc.**

**Revised and Established May 15, 2017**

**Article I. Members and Meetings**

Section 1. Any person or group of persons who own one or more lots in either Lake Forest Estates as developed by Mortgage Insurance Corporation, or its successor shall be a member of this corporation.

Section 2. Semi-annual meetings of the members shall be held in the spring (April-May) and autumn (October-November) of each year for the transaction of such business as may properly come before such meetings. At the autumn meeting, in addition to any other business, the directors shall be elected.

The Secretary shall inform each member at least ten days prior to such a meeting, designating the time and place thereof and providing an agenda for the meeting.

Section 3. A special meeting may be called by the Chair or Acting Chair or by a majority of the Board of Directors or on petition of twenty-five or more voting members and the Secretary shall give at least ten days notice by mail to each member stating the time, place, and purpose of the meeting; and at any special meeting no business other than that stated in such notice shall be transacted without the unanimous consent of all the members present thereat.

Section 4. The Treasurer shall maintain a list of the voting members and such list shall be available at any regular or special meeting of the members.

Section 5. At all meetings of the members there shall be present either in person or by proxy twenty-five voting members in order to constitute a quorum.

Section 6. No one shall exercise more than three proxies at any regular or special meeting.

Section 7. At all regular or special meetings of the members, any member or group of members owning one or more lots in the Lake Forest Estates and current in payment of dues and assessments shall be entitled to one vote per developed lot upon all questions called for a vote at the meeting-

Section 8. Unless a roll call is requested by one-tenth of the voting members present, voting on any matter of business shall be by voice vote or show of hands. A simple majority shall carry any matter except revision of by-laws which shall require a two-thirds majority as provided in Article V.

Section 9. The Board of Directors shall have the right to waive the spring meeting and in lieu thereof may cause to be submitted to the members a statement giving any pertinent information on the condition of the corporation.

Section 10. The Board of Directors shall set an initiation fee and annual dues for membership in LFA, as well as in their discretion special assessments for the care and maintenance of LFA property, including but not limited to Eastwood Lake, forebay, dam, and park. Payment of dues pursuant to this Section within eight weeks of issuance of the invoice of the dues or following the purchase of a property in Lake Forest Estates shall be mandatory for membership in LFA.

Property owners in arrears are classified as "Non-participating Members." A Non-Participating Member, for the period during which any dues and assessments are outstanding, shall have no right to vote on corporation matters, and shall have no right to use the corporation's property. Non-Participating status shall be determined by the Board no less than eight weeks after announcement of annual dues and assessments. Non-Participating Members may be reinstated as active members by payment of all unpaid dues and assessments during their ownership of the property in Lake Forest Estates plus, at the Board's option, a reasonable administrative fee as determined from time to time by the Board,

It is the expectation of LFA that any seller of a property in Lake Forest Estates inform a prospective purchaser of the property of the seller's Participating or Non-Participating Member status.

## Section 11. Associate Membership

(a) There is hereby established a separate category of members to be known as Associate Members.

Any person or group of persons who owns one or more lots within any neighborhood cluster in the general vicinity of Lake Forest Estates, as designated by the geographic boundaries determined by the Board from time to time in its discretion, shall be eligible to be Associate Members of the corporation.

Moving out of the designated geographic boundaries shall terminate such Associate Member status. In addition, persons may be designated as Associate Members in recognition of special service to the Association, at the discretion of the Board.

(b) Associate Members shall be non-voting members of LFA, but otherwise have all rights and privileges of the corporation's regular members for the duration of their Associate Membership, including the right to serve on committees and to participate in discussion at meetings.

(c) The Board shall establish rules governing the terms and conditions of Associate Membership, including rules for the fair and equitable selection of Associate Members from among applicants, rules regarding the number of Associate Members, and fees to be charged to Associate Members.

Section 12. In the case of damage or other actions by a member of LFA causing unauthorized expense to the Association, the Board may seek full compensation from the member, as well as any associated collection expenses. At the Board's discretion, the member may be declared a Non-Participating Member per Section 10 until the expense is paid in full.

Section 13. Property owned and maintained by LFA, including but not limited to Eastwood Lake and Park, shall be for the non-commercial use of Members and Associate Members of LFA current in their payment of dues and assessments and their invited guests, in accordance with the rules and policies governing such use adopted by the Board of Directors of LFA.

## **Article II. Directors**

Section 1. The affairs of the corporation shall be managed by a Board of Directors and shall consist of not less than six nor more than fifteen Directors.

Any voting member of the corporation shall be eligible to be a director. In addition, up to two Associate Members may also serve as directors, with full voting privileges.

Directors shall be elected for a term of three years at the autumn general membership meeting, except that vacancies on the Board may be filled in interim by vote of the Board.

Section 2. The Directors shall be chosen by plurality of the members voting either in person or proxy at the autumn meeting. Prior to the autumn meeting of the corporation, the nominating committee shall determine whether the number of directors should be increased or decreased.

The nominating committee for recommendation of candidates for the Board shall consist of the Chair of the corporation and one other member of the board, serving with three persons from the General Membership appointed by the Chair.

Section 3. Vacancies on the Board occurring during the year shall be filled for the unexpired term by a majority vote of the Directors at any regular meeting of the Board, or at any special meeting called for that purpose.

Section 4. A Director may be removed from office with or without cause by vote of the majority of the members entitled to vote. Such vote shall be held at the next regular meeting following petition for such vote filed by at least twenty-five members and provided notice thereof is included in the call for such meeting.

Section 5. A vacancy shall be considered to have occurred when the director dies, resigns, or is removed by vote, or when such Director disposes of his interest in all lots in Lake Forest Estates.

Section 6. The Board of Directors may adopt such rules and regulations for conduct of their meeting as they may deem proper and which are not inconsistent with the laws of the State of North Carolina.

Section 7. The Board of Directors shall hold such regular meetings as it may by motion determine, and special meetings whenever called by the Chair and upon three days notice to each Director.

Section 8. The officers of the corporation shall be officers of the Board of Directors.

Section 9. The Board of Directors shall serve without compensation provided the Board may reimburse any Director for reasonable expenses incurred by the Director in the interest of the corporation, upon approval of the expenses by the Board of Directors.

Section 10. The Board of Directors may appoint three members to serve with the Chair as an Executive Committee which shall be authorized to conduct such business of the corporation as the Board of Directors may from time to time delegate to it. These appointed members need not be directors.

Section 11. A regular meeting of the Board of Directors shall be held promptly following any general meeting of the corporation to carry out the actions and wishes of the membership and such other business as may come before it.

Section 12. The Board of Directors shall enforce the rules and regulations adopted at any meeting of the membership, and shall have power to adopt and enforce other reasonable rules and regulations. At any meeting of the members held under the provisions of Article I, the members may adopt and modify rules and regulations and may overturn a board action or initiate other actions upon motion, second, and vote.

Section 13. A majority of the Directors shall constitute a quorum for transaction of any business of the corporation.

### **Article III. Officers**

Section 1. The officers of the corporation shall be a Chair, a Vice-Chair, a Secretary, and a Treasurer.

Section 2. The Board of Directors promptly after the autumn annual meeting shall by a majority vote choose one of their members as Chair, one as Vice-Chair, one as Secretary, and one as Treasurer, and each of such officers shall serve for a term of one year and until his successor has been elected and qualified.

Section 3. Any officer may be removed from such office by a majority vote of the Board of Directors.

Section 4. The Chair shall preside at all meetings of the Board of Directors and shall act as Chair and call to order all meetings of the members and shall perform all the duties usually incidental to the office of Chair. The Chair shall appoint all standing and ad hoc committees provided in the by-laws or by action of the membership or directors.

Section 5. The Vice-Chair shall in the absence or incapacity of the Chair perform the duties of that office.

Section 6. The Secretary shall keep the minutes of the meetings of the Board of Directors and also the minutes of the meetings of the members. The Secretary shall attend to preparation and mailing of all notices of the corporation and shall perform all duties incidental to this office.

Section 7. The Treasurer shall have the care and custody of the funds of the corporation and deposit the same in the name of the corporation in such financial institutions as the Directors may select and shall pay all bills authorized by the Directors. The Treasurer shall have charge of the books and papers and shall keep a record of all of the voting members of the corporation, and shall perform all the duties incidental to this office, and shall provide such bond as the Directors may require.

#### **Article IV. General**

Section 1. The books of the corporation shall close when any general meeting has been called to order and any member desiring to vote in any general meeting shall upon request, prior to the closing of the books, sign a statement that he is still the owner of the property.

Section 2. This corporation is a non-profit corporation and thereon no dividends shall be paid.

Section 3. The seal of the corporation shall be in the form of a circle and shall bear the name of the corporation and the year of its incorporation.

Section 4. The failure to notify any property owner in Lake Forest Estates of any regular or special meeting shall not be cause of action against the corporation or any officer thereof, unless the property owner has made himself known to the Treasurer and has kept the Treasurer informed of his proper mailing address.

Section 5. Unless otherwise provided all meetings shall be conducted according to Roberts Rules of Order.

#### **Article V. Amendments**

Section 1. These by-laws may be amended at any regular membership meeting by a two-thirds vote of the members present, either in person or by proxy provided the notice of the call of such meeting has made available the proposed amendment.

*Approved: May 15, 2017*