

BY-LAWS
of
LAKE ARROWHEAD PROPERTY
OWNERS ASSOCIATION, INC.

ARTICLE I:

Name. Purpose. Membership

Section 1. Name. The name of this organization shall be LAKE ARROWHEAD PROPERTY OWNERS ASSOCIATION, INC.

Section 2. Purpose. The purpose of this organization is to promote the recreation, health, safety, welfare, benefit and enjoyment of the members as provided in the Articles of Incorporation and as provided in the restrictive covenants which have been or are hereafter published or recorded with respect to the community known as LAKE ARROWHEAD in Cherokee County, Georgia. Such restrictive covenants are hereafter in these By-Laws sometimes referred to as “said covenants and restrictions” and said LAKE ARROWHEAD community is hereafter in these By-Laws sometimes referred to as “said community”. This organization is dedicated to and operated exclusively for non-profit purposes. This organization shall have no stock or stockholders. No part of the activities of this organization shall be for carrying on of propaganda, or otherwise attempting to influence legislation, and this organization shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of any candidate for public office.

Section 3. Membership. Initially, this organization shall have two classes of membership: Class A and Class B, as more fully set forth in the Articles of Incorporation of this organization. The voting rights of the membership shall be as set forth in said Articles of Incorporation and these By-Laws, as the same may be amended from time to time.

ARTICLE II:

Meetings: Quorum. Voting.
Absentee Ballots

Section 1. Place of Meetings. Membership Meetings shall be held in said community, at such suitable place convenient to the members as may be designated by the Board of Directors in the notice thereof, or such other place as may be agreed upon by a majority of the membership entitled to vote thereon and designated in the notice thereof.

Section 2. Quarterly Meetings. “Meetings of the membership shall be held quarterly in the respective months of February, April, July, and October on such dates and times as designated by the Board of Directors. The October membership meeting shall be designated for the election of members of the Board of Directors as specified in Article III, Section 5. The February membership meeting shall be designated for financial reports of the Lake Arrowhead Property Owners Association, Inc. and Lake Arrowhead Yacht & Country Club, Inc.

Section 3. Special Meeting. The President shall be required to call a special meeting of the membership as directed by resolution of the Board of Directors, or upon a petition signed by at least one-third (1/3) of the members presented to the Secretary. The call of a special meeting shall be by written notice stating time, the place, the purpose and the order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to provide a notice of each quarterly or special membership meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member; such notice, except as may otherwise be specifically provided in the Articles of Incorporation or said covenants and restrictions, to be given at least fifteen (15) days, but not more than thirty (30) days, prior to the date fixed for such meeting. Notice shall be deemed given when delivered in person or when deposited in the U.S. Mail. Any member may sign a waiver of notice, in person, electronically or by absentee ballot, either before or after such meeting, and attendance of a member at a meeting, either in person, or by absentee ballot, shall of itself constitute a waiver of notice.

Section 5. Voting List. Prior to the fifth day before each membership meetings, where voting will take place the Secretary shall request from the LAYCC administrative office an alphabetical list of the members entitled to vote at such meeting. Said list shall be kept on file at the office of this organization for a period of five (5) days prior to each meeting and shall be subject to inspection by any member during said period and at the membership meeting.

Section 6. Order of Business. The order of business at all annual meetings shall be as follows:

- a) Establishment of Quorum
- b) Proof of Notice of Meeting or Waiver of Notice
- c) Approval of Minutes of Preceding Meeting
- d) Report of Nominating Committee
- e) Floor Nominations
- f) Voting and collection of ballots
- g) Report of Officers
- h) Election Results
- i) Adjourn

Section 7. Quorum. Except as provided in Section 10 of this Article II, at all membership meetings, annual or special, a quorum of members shall consist of such number of members in attendance in person or by absentee ballot as shall represent at least 10% of the total eligible votes of all members of this organization. Under such circumstances, if a quorum is present, the affirmative vote of the members representing at least a majority of the total eligible votes in attendance in person or by absentee ballot shall be the act of the members of this organization. Provided, however, the foregoing provisions of this By-Law to the contrary notwithstanding, any act which, by law or pursuant to the provisions of the Articles of Incorporation, said covenants and restrictions or another By-Law requires the assent of a specified percentage of the vote of the members different from that specified by this By-Law, shall not be considered the act of the members unless the prescribed percentage is obtained.

Section 8. Voting (a) Voting by members shall be as provided in said Articles of Incorporation and these By-Laws, as the same may be amended from time to time.

- (b) Anything in these By-Laws or said Articles of Incorporation to the contrary notwithstanding, Declarant agrees that from and after August 17, 2003, it will not exercise or cast its vote as a member of the Association with respect to any lot owned by it while such lot is owned by Declarant at any time; provided, however, that such restriction shall only apply to any lot at the time(s) that such lot is owned by Declarant and shall not be binding on or applicable in any manner to, any person who at any time acquires title to any such lot from Declarant or any successors-in-title to any such person (other than Declarant). Further, nothing contained in these By-Laws or said Articles of Incorporation shall in any way constitute any waiver, release, impairment or limitation of any kind on Declarant's right to vote or consent as provided in any of said covenants and restrictions applicable to any part of said community or the requirement for its consent set forth in Subsection (c) of this Section 8.
- (c) No vote of, or action or proceeding by, the members of this organization shall be utilized or exercised, to amend, change or otherwise alter these By-Laws or said Articles of Incorporation so as to directly or indirectly impose any limitations or restrictions on, or conditions or requirements for, or otherwise alter or affect in any way, the exercise and performance by the Board of Directors of this organization of the authority granted to it (including, without limitation, any of the obligations related thereto or limitations thereon) to approve increases in or other changes to the amount of annual assessments in effect from time to time in said community, as all of said terms and provisions are more particularly set forth in Section 2 of Article IV of the Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead dated March 31, 1993, and recorded in Deed Book 1429, Page 240, Cherokee County, Georgia Records, as amended by that certain Amendment to Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead dated February 26, 2003, and filed in said records on March 31, 2003, and any similar terms and provisions in any other said covenants and restrictions applicable to any part of said community. The provisions of this Subsection (c) may not be amended, altered or otherwise changed in any way or by any manner or method, without the prior written consent of Declarant, which consent may be given or withheld in the sole and absolute discretion of Declarant.
- (d) No member shall be eligible to vote, either in person or by absentee ballot, or to be elected to the Board of Directors, if that member is shown on the books or management accounts of this organization or the Lake Arrowhead Yacht & Country Club to be more than thirty (30) days delinquent in any payment due the Association or Lake Arrowhead Yacht & Country Club, or if such member has had its voting rights suspended for the infraction of any provision of said covenants and restrictions, these By-Laws, or any rule of this organization or of the Lake Arrowhead Yacht & Country Club.
- (e) The LAPOA Inspector of Elections is appointed by the Board of Directors to supervise any voting of the membership at any quarterly meeting of the Association members. The Inspector should serve a calendar year term and be eligible for a additional terms if the Inspector desires and the Board approves. The Inspector should be available to assist the nominating committee once the latter has been appointed.

Section 9. Absentee Ballot. Votes may be cast in person or by written absentee ballots. Absentee ballots must be filed with the Secretary before the appointed time of each meeting.

Section 10. Adjourned Meetings. If an quarterly or special meeting cannot be organized because 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 required quorum at the initial meeting. No such subsequent meeting shall be held more than thirty (30) days following the initial adjourned meeting.

ARTICLE III:

Board of Directors: Number, Duties and Powers, Meetings

Section 1. Number. The affairs of this organization shall be governed by a Board of Directors composed of seven (7) persons.

Section 2. Powers. The Board of Directors shall have the duties and powers necessary to administer the affairs of this organization and to do all things on behalf of this organization as are not by law or by said covenants and restrictions or these By-Laws directed to be done otherwise.

Section 3. Compensation. The Directors shall receive no compensation for their services unless expressly provided for by the Board of Directors with the approval of members having two-thirds (2/3) of the total vote of the members of this organization.

Section 4. Management. The Board of Directors may employ for this organization a management agent under such terms, compensation and duties as the Board may authorize.

Section 5. Election and Term of Office. The members of this organization shall elect a Board of Directors consisting of seven (7) persons. Members of the Board of Directors elected by the members shall serve for a term of two (2) years; provided that four (4) of the seven (7) members of the Board of Directors shall be elected at the Annual Meeting in even numbered years and three (3) of the seven (7) members of the Board of Directors shall be elected in the Annual Meeting in odd numbered years. At least ninety (90) days prior to the annual meeting at which the members are to elect Directors, the Board of Directors shall appoint from the members a nominating committee of not less than three (3) members. Said committee shall advertise to the members the opportunity to serve on the LAPOA Board of Directors. All members who are interested and in good standing with paid up dues and no current or pending covenant violations will be nominated by the committee and placed on the ballot. Candidates shall be listed in alphabetical order and any eligible incumbents shall be marked with an (I). The nominees receiving the most votes shall fill the Directorships for which the elections are being held. Elections shall be by written ballot. Nominations for the Board of Directors also may be made from the floor at the Annual meeting. There shall be no cumulative voting. The members of the Board of Directors shall serve until their respective successors are elected, or until their death, resignation or removal; provided, however, all Directors must be members. If a Director ceases for any reason to be a member, his membership on the Board of Directors shall thereupon terminate. A Director who serves two successive full terms shall not be eligible to serve again as a Director until the expiration of two (2) years from the conclusion of his second full term of office.

Section 6. Vacancies. Vacancies on the Board of Directors shall be filled by a member in good standing. Vacancies because of death, resignation, removal, disqualification, or otherwise shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. If the vacancy occurs in the first year of a vacating member's term, the new director shall serve until the next annual membership meeting scheduled for the election of directors. At that time, and in accordance with the process established in Article III, Section 5 of the By-Laws, a new member of the Board of Directors shall be elected for the unexpired term of the office. If the vacancy occurs in the second year of a vacating director's term, the new member shall be appointed by the Board of Directors for the unexpired portion of the term.

Section 7. Removal of Directors. Upon the termination of the Class B membership, any one or more of the Directors may be removed with or without cause by a two-thirds (2/3) vote of the members in attendance in person or by absentee ballot at any annual meeting of this organization or special meeting of this organization duly called. A successor may then and there be elected to fill the vacancy thus created.

Section 8. Organizational Meeting. The first meeting of each Board of Directors newly elected by the members shall be held within two calendar weeks of their election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the whole Board shall be present.

Section 9. 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. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or e-mail, at least five (5) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone or email, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner on like notice upon the written request of at least a majority of the Directors. Unless otherwise agreed by a majority of the Directors, any such special meeting shall be held in said community.

Section 11. Waiver of Notice. 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 of 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 12. Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the 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 13. Executive Committee. In furtherance and not in limitation of the powers conferred by statute and by these By-Laws, the Board of Directors, if composed of more than three (3) Directors, may establish an Executive Committee of three (3) or more Directors, constituted and appointed by the Board of Directors from their number, who shall meet when deemed necessary. They may be authorized to exercise all the powers of the Board which may be lawfully delegated and are consistent with said covenants and restrictions and with these By-Laws at any time when the Board is not in session. The committee shall elect a chairman, and a majority of the whole Committee shall constitute a quorum; and the act of a majority of members present at a meeting at which a quorum is present shall be the act of the Committee, provided all members of the Committee have had notice of such meeting or waived such notice. Notice of meetings of the Executive Committee shall be the same as required for a regular or special meeting of the Board of Directors as outlined above in this Article III.

Section 14. Action without Formal Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any Executive Committee appointed by the Board of Directors may be taken without a meeting, if prior to such action, written consent thereto is signed by all members of the Board of Directors or of such Executive Committee, as the case may be, and such written consent is filed with the Minutes of the proceedings of the Board or Committee.

Section 15. Special Committees. The Board of Directors shall have the power and authority to create special committees, including but not limited to an Assessment Committee, an Audit Committee, a Maintenance Committee and a Recreation Committee, which shall advise the Board of Directors or the Executive Committee on matters pertaining to the purpose for which any such special committee shall have been created. The members, including the chairman, of any such special committee shall be appointed by and shall serve at the pleasure of the Board of Directors.

ARTICLE IV:

Officers

Section 1. Generally. The Board of Directors, at its first meeting after the annual membership meeting at which new directors are elected shall elect the following officers: a President, one or more Vice Presidents, a Secretary, and a Treasurer. The Board of Directors shall at the aforesaid first meeting establish a chain of succession and designate an Executive Vice President to perform the duties of the President in the President's absence, death, disability or refusal to act. The Board of Directors at any time and from time to time may appoint such other officers as it shall deem necessary, who shall hold their offices for such terms as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as are specified by these By-Laws and as shall be determined from time to time by the Board of Directors. Any person may hold two or more offices, except that no person may hold the office of President and Secretary simultaneously.

Section 2. Tenure. Each officer of this organization shall hold office until his successor is chosen, or until his earlier resignation, disqualification, death or removal, or the termination of his office. Any officer may be removed by a majority vote of the Board of Directors whenever in its judgment the best interests of this organization will be served thereby.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. President. The President shall be a Director and shall be Chairman of the Board of Directors. The President shall be the Chief Executive Officer of this organization and, subject to the control of the Board of Directors, shall in general manage, supervise, and control all of the business and affairs of this organization. He shall, when present, preside at all membership meetings. He may sign, with the Secretary or any other proper officer of this organization thereunto authorized by the Board of Directors, any contracts, deeds, mortgages, bonds, policies of insurance or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing or the execution thereof shall be expressly delegated by said Declaration, the By-Laws, or the Board of Directors to some other officer or agent of the organization, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice Presidents. In the absence of the President, or in the event of his death or inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such duties as from time to time may be assigned to him by the Board of Directors and by the President.

Section 6. Secretary. The Secretary shall keep a register of the mailing address of each member which shall be furnished to the Secretary by such member, and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors. Prior to the fifth day before each membership meeting, the Secretary shall request an alphabetical voting list of the members entitled to vote at such meetings. The Secretary shall publish a notice of membership meetings in the Lake Arrowhead publications for viewing by the members. The minutes of Board of Director meetings shall be posted according to Roberts Rules of Order on LAPOA website.

Section 7. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of this organization; receive and give receipts for moneys due and payable to this organization from any source whatsoever, and deposit all such moneys in the name of this organization in such banks, trust companies, savings institutions or other depositories as shall be selected by the Board of Directors; and (b) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors. The Treasurer shall present a financial report including a balance sheet and profit and loss statement for Lake Arrowhead Property Owners Association, Inc. at each membership meeting.

Section 8. Assistant Officers. Persons elected as assistant officers shall perform such duties as may be assigned by the Board of Directors.

Section 9. Compensation. No officer of this organization shall receive any compensation for his services unless expressly provided for by the Board of Directors with the approval of members having two-thirds (2/3) of the total vote of the Class A members of this organization.

ARTICLE V:

Corporate Seal

The seal of this organization shall be in such form as the Board of Directors may from time to time determine.

ARTICLE VI:

Miscellaneous

Section 1. Fiscal Year. The fiscal year of this organization shall end December 31st of each year.

Section 2. Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of this organization's proceedings when not in conflict with Georgia law, the Articles of Incorporation, said covenants and restrictions or these By-Laws.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as in said covenants and restrictions unless the context shall prohibit.

Section 4. Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law, the Articles of Incorporation, said covenants and restrictions and these By-Laws, the provisions of Georgia law, said Articles of Incorporation and said covenants and restrictions, in that order, shall prevail.

Section 5. Captions. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 6. Amendment. Except as expressly limited by Subsection (c) of Section 8 of Article II of these By-Laws, these By-Laws may be amended, repealed or altered, in whole or in part, by the members of this organization at any quarterly meeting, or at any special meeting duly called for that purpose, by the affirmative vote of at least two-thirds (2/3) of the total eligible votes which the members of this organization in attendance in person or by absentee ballot are entitled to cast. Notwithstanding the foregoing, those provisions of these By-Laws which are governed by Georgia law, the Articles of Incorporation or said covenants and restrictions may not be amended, altered or repealed except as provided thereby.