

BYLAWS OF
THE FRIENDS OF NANTAHALA LAKE, INC.
A NORTH CAROLINA NOT FOR PROFIT CORPORATION

(Effective January 2020; Revised February 2021)

ARTICLE I
NAME AND PRINCIPAL OFFICE

- Section 1.1 Name. The name of this association shall be The Friends of Nantahala Lake, Inc. (referred to herein as the “Corporation”).
- Section 1.2 Offices. The principal office of the Corporation shall be in Macon or Clay County, North Carolina, at a location designated by the Board of Directors of the Corporation. The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine, or as the affairs of the Corporation may require.

ARTICLE II
PURPOSES

- Section 2.1 Purposes. The Corporation has been organized pursuant to the North Carolina Nonprofit Corporation Act (the “Act”) exclusively for charitable, religious, educational, literary or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The purposes of the Corporation shall be:
- (a) to promote and advocate, for the benefit of the general public, good management, protection, and support of Nantahala Lake and environs, including issues such as shoreline management and use, lake recreation and use, public safety, optimum lake levels, water quality, management of plant and animal life, and other matters of common interest including fire safety, maintenance of adjacent roads, utilities, and taxes;
 - (b) on behalf of the Members of the Corporation, to communicate and participate with, and make recommendations to, other organizations and individuals having responsibilities for or interests in issues similar or related to those specified in (a) above, including Duke Energy Corporation and governmental entities and agencies; and
 - (c) to conduct educational meetings and prepare and distribute educational materials regarding management of Nantahala Lake and environs.

- Section 2.2 Powers and Activities. The Corporation shall have all such powers as are necessary or appropriate to carry out purposes of the Corporation and expressly or impliedly conferred upon nonprofit associations by the Act, including the powers to acquire, hold, encumber, and transfer an interest in real and personal property and the powers to institute, defend, intervene in, or participate in a judicial, administrative, or other governmental proceeding or in an arbitration, mediation, or any other form of alternative dispute resolution. Notwithstanding the foregoing or any other provision of these bylaws, the Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 , as amended (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law). No director, officer, committee member, employee, agent, or other representative of the Corporation may take any action or engage in any conduct by or on behalf of the Corporation in furtherance of any such impermissible activities.
- Section 2.3 No Private Inurement. No part of the earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article.
- Section 2.4 Limitation on Lobbying Activities. No substantial part of the activities of the Corporation shall consist of attempting to influence legislation, and the Corporation shall not in any manner or to any extent participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.
- Section 2.5 Inactivity. In the event the Corporation is inactive for three (3) years or longer, any person in possession or control of personal property of the Corporation shall, after paying or making provision for the payment of all the liabilities of the Corporation, dispose of all personal property of the Corporation to an organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes, having a similar or analogous character or purpose to that of the Corporation or to the Federal, state, or local government for exclusive public use, as said person shall determine. Any such assets not so disposed of shall be disposed of by the Superior Court of Macon County, North Carolina, in a manner as said Court shall determine.
- Section 2.6 Circumscribed Authority. These bylaws, and actions taken by the Corporation hereunder, do not in any way supersede or supplant the governing documents of any Member, including without limitation the bylaws and restrictive covenants of any HOA Member.

ARTICLE III
MEMBERSHIP

- Section 3.1 Classes of Members. There shall be three classes of Members: Homeowner Association (“HOA”) Members, Commercial Members, and Individual Homeowner Members.
- Section 3.1.1 HOA Members. Each HOA formed by owners of property adjoining Nantahala Lake, or wholly or partially within five miles of Nantahala Lake, is eligible to be an "HOA Member" of the Corporation. HOAs that are participating as Members in the Corporation and have adopted these revised bylaws are listed in Schedule A attached to these bylaws.
- Section 3.1.2 Commercial Members. Each commercial establishment (such as, by way of example, any service station, boat rental or repair facility, restaurant, or food or convenience store) adjoining Nantahala Lake, or wholly or partially within five miles of Nantahala Lake, is eligible to be a “Commercial Member” of the Corporation. Commercial Members that are participating as Members of the Corporation and have adopted these revised bylaws are listed in Schedule B attached to these bylaws.
- Section 3.1.3 Individual Members. The owner/owners of each single-family dwelling adjoining Nantahala Lake, or wholly or partially within five miles of Nantahala Lake, but whose property is not within an HOA or is within an HOA that is not an HOA Member of the Corporation, is eligible to be an Individual Member of the Corporation. Owners who are participating in the Corporation and who have adopted these revised bylaws are listed in Schedule C attached to these bylaws.
- Section 3.2 Obligations/Benefits of Membership. If membership fees (annual or otherwise) have been assessed pursuant to Section 3.4 of these Bylaws, payment of assessed fees shall be required for a Member to be active in the affairs of the Corporation. No HOA, commercial establishment, or dwelling owner otherwise eligible to be a Member, but with unpaid membership fees after the due date of the fees, shall be eligible to vote, have representation on the Board of Directors, attend meetings of Members or the Board of Directors, hold itself out as Member of the Corporation, or otherwise participate in the Corporation. Members that have paid all membership fees that are due shall be considered “active Members.”
- Section 3.3 Termination. Membership may be terminated by a Member at any time upon request of the Member.
- Section 3.4 Membership Fees. Membership fees for HOA Members shall be calculated and set by the Board of Directors as a specified dollar amount per developed lot (i.e.,

lot with a house having a certificate of occupancy) within the HOA at the time of assessment. The Board may rely on an HOA's affirmation as to the number of developed lots within the HOA but shall also be entitled to verify the number through any available means, including review of public records. Membership Fees for Commercial Members shall be calculated and set by the Board of Directors as a specified dollar amount that is the same for each Commercial Member. Membership fees for each Individual Member shall be calculated and set by the Board of Directors as the same dollar amount for a developed lot within an HOA Member. The Board shall specify the due date for payment of membership fees and shall maintain records evidencing the calculation and payment of membership fees.

ARTICLE IV BOARD OF DIRECTORS

- Section 4.1 Governance. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors, and all powers of the Corporation shall be exercised by or under the authority of the Board.
- Section 4.2 Number of Directors. The Board of Directors shall consist of one director for each HOA Member, one director for the Commercial Members, and one director for the Individual Members.
- Section 4.3 Selection and Terms. Each active HOA Member shall select a representative and one or more alternate representatives to serve on the Board of Directors of the Corporation. The active Commercial Members shall select a representative and one or more alternate representatives to serve on the Board of Directors of the Corporation. The active Individual Members shall select a representative and one or more alternate representatives to serve on the Board of Directors of the Corporation. Each director shall serve until the director's incapacity or resignation or replacement by the Member.
- Section 4.4 Regular Meetings. Regular meetings of the Board of Directors shall be held on the date, at the time, and at such place as shall be determined by the President of the Board of Directors. One such meeting each year shall be designated as the Annual Meeting.
- Section 4.5 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any three directors for any purpose specified by the directors calling the meeting. The date, time, and place of any such meeting shall be determined by the directors calling such meeting, and the notice of such meeting shall specify the purpose of the meeting. At a special meeting, only the business specified in the notice may be conducted at the meeting.

- Section 4.6 Telephone and Similar Meetings. Directors or committee members may participate in and hold a meeting through use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. Participation in such a meeting by this means shall constitute presence at the meeting.
- Section 4.7 Notice of Meetings. The Secretary of the Board of Directors shall give, or cause to be given, written notice to each director of the date, time, and place of each meeting, whether regular or special. Notice by mail shall be sent not less than ten (10) days before the meeting; notice by personal delivery, by electronic mail, facsimile, or other electronic transmission shall be given not less than seventy-two (72) hours prior to the meeting.
- Section 4.8 Quorum and Meeting Rules. A majority of the directors then in office shall constitute a quorum of the Board. While the Board will endeavor to operate informally, Robert's Rules of Order will govern in the event formal rules are needed. The President shall have sole final authority to rule on procedural matters under those Rules. Except as otherwise provided in these bylaws, any action of a majority of directors present at a meeting at which a quorum is present, and which is also approved by a majority of the HOA Members represented at the meeting, shall be the official act of the Board and the Corporation.
- Section 4.9 Voting on Financial Matters. For any matter considered by the Board of Directors involving the setting of membership fees or the expenditure of the Corporation's funds: the vote of each HOA director shall be weighted by the number of developed lots in the HOA Member represented by that director, the vote of the Commercial Member shall be weighted by the number of Commercial Members, and the vote of the Individual Member director shall be weighted by the number of Individual Members. For example, with respect to matters governed by this Section: if HOA Member "A" has ten developed lots, its director has ten votes; if HOA Member "B" has four developed lots, its director has four votes; if there are six Commercial Members, the Commercial Member director has six votes; and if there are three Individual Members, the Individual Member director has three votes. Any action of directors representing a majority of weighted votes represented at a meeting at which a quorum is present, and which is also approved by a majority of weighted votes of HOA Members represented at the meeting, shall be the official act of the Board and the Corporation in such financial matters.
- Section 4.10 Action by Directors Without a Meeting. The Board may take action without a meeting if taken by all directors then serving, as evidenced by a written consent or consents signed by each director before or after such action, describing the action taken, and included in the minutes or filed with the Corporation's records reflecting the action taken. A director's consent may be in electronic form and delivered by electronic means.

Section 4.11 Waiver of Notice. A director may waive any notice required under these bylaws, before or after the date and time stated in the notice. A director's attendance at or participation in a meeting waives any required notice to that director of the meeting, unless at the beginning of the meeting (or promptly on the director's arrival) the director objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Except for such a waiver through attendance or participation, a waiver shall be in writing, signed by the person or persons entitled to such notice, and filed with the minutes or records of the Corporation.

Section 4.12 Compensation, Loans, Disbursements. Members of the Board of Directors shall serve without compensation by the Corporation for their services. The Board of Directors shall not lend money or corporate property to any director, officer, or employee of the Corporation. The Board of Directors shall make disbursements only to or for the benefit of the Corporation. Nothing in this provision limits the Board from providing reasonable reimbursement to Board members for expenses incurred in service to the Corporation. Subject to any conditions or restrictions adopted by the Board, a Board member may do contract work for the Corporation as long as the work is unrelated to that member's responsibilities as a director.

Section 4.13 Conflicts of Interest. Whenever a director has a financial or personal interest in any matter coming before the Board of Directors, other than as a general user of Nantahala Lake or property owner generally affected by the operation of Nantahala Lake, the director shall (a) fully disclose the nature of the interest and (b) withdraw from discussion and voting on the matter. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested directors determine that it is in the best interests of the Corporation to do so. The minutes of meetings at which such votes are taken shall record such disclosure and abstention. The Board may adopt other policies and procedures regarding the handling of conflicts of interest in furtherance of this section.

ARTICLE V OFFICERS AND COMMITTEES

Section 5.1 Officers. The officers of the Corporation shall consist of President, Vice-President, Secretary, and Treasurer, and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except that the current President shall hold no other office. Officers must be members of the Board of Directors. The President and the Treasurer must be directors representing HOA Members.

Section 5.2 Election. Officers shall be elected by the Board at the annual meeting of the Board and shall serve for a term ending at the next annual meeting. All officers

shall serve without compensation. In no case may a director hold the same office for more than three (3) consecutive terms of office.

Section 5.3 Removal. Any officer elected by the Board of Directors may be removed by the Board with or without cause.

Section 5.4 Vacancy. Any vacancy in any office arising from any cause may be filled for the unexpired term by the Board of Directors at a regular meeting of the Board of Directors or at a special meeting of said Board duly called for such purpose.

Section 5.5 President. The President shall be principal executive officer of the Corporation, and, subject to control of the Board of Directors, shall supervise the control and management of the Corporation. The President shall preside over all meetings of the Board and the Executive Committee, shall have such powers as principal executive officer as are normally associated with the principal executive officer of an organization, and shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 5.6 Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, the Vice President shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 5.7 Secretary. The Secretary shall keep, or cause to be kept, accurate records of the acts and proceedings of all meetings of directors. The Secretary shall give all notices required by law or by these Bylaws and shall have general charge of the corporate books and records and of the corporate seal.

Section 5.8 Treasurer. The Treasurer shall keep, or cause to be kept, full and accurate accounts of the finances of the Corporation and shall cause a true statement of the Corporation's assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail and all to be furnished to the Board of Directors within four months after the end of such fiscal year. The Treasurer shall, in general, perform all duties incidental to the office and such other duties as may be assigned from time to time by the President or by the Board of Directors.

Section 5.9 Executive Committee. The Executive Committee shall be composed of the officers of the Corporation. The Executive Committee shall be responsible for carrying out decisions of the Board of Directors, nominating individuals to serve as officers of the Corporation (provided that nominations for such positions may also be made by other directors), reviewing these bylaws at least annually for any necessary or appropriate revisions to be submitted to the Board, and such other matters as may be delegated to it by the Board. All actions taken by the Executive Committee shall be reported to the full Board at the meeting following such action.

Section 5.10 Other Committees. The Board may from time to time create standing or ad hoc committees with such responsibilities as the Board shall delegate or assign. The President shall appoint members of all committees other than the Executive Committee and the appointed members need not be directors. The Chair of each Committee, who shall be a director, shall preside at that committee's meetings. Each Committee shall meet upon call of its chair or a majority of its members.

ARTICLE VI CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 6.1 Contracts. The Board of Directors may authorize any one or more officers, employees, or agents to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 6.3 Checks and Drafts. All checks, drafts, or other orders for the payment of money issued in the name of the Corporation shall be signed by one or more officers, employees, or agents of the Corporation as shall from time to time be authorized by the Board of Directors, and such authority may be general or confined to specific instances.

Section 6.4 Deposits. Funds of the Corporation shall either be (1) deposited to the credit of the Corporation or its designated agent in such accounts as the Board of Directors shall from time to time approve or (2) held in custody for the benefit of the Corporation by one or more Members designated by the Board of Directors, and disbursed in accordance with the instructions of the Board of Directors.

ARTICLE VII GENERAL PROVISIONS

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall be from January 1 to December 31.

Section 7.2 Inspection of Records. The membership roll of the Corporation, financial records, and minutes of proceedings shall be open to inspection upon the written request of any active Member for a purpose reasonably related to interests as a Member.

- Section 7.3 Limitations on Liability. Members of the Corporation and each individual who serves on the Board of Directors or as an officer of the Corporation or is otherwise authorized to participate in the management of the affairs of the Corporation shall be entitled to all limitations on liability provided by the Act.
- Section 7.4 Amendments. These Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the Directors then holding office at any regular or special meeting of the Board of Directors. No amendment or repeal of a Bylaw shall be voted on unless notice thereof has been given in a notice of the meeting. The substance of any amendment or repeal must be received by all Board Members thirty (30) days before the meeting at which the vote is scheduled.
- Section 7.5 Invalid Provisions. If any provision of these Bylaws is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable, and these Bylaws shall be construed as if such provisions have never comprised a part hereof.

SCHEDULE A

HOA MEMBERS

<u>Homeowner Association</u>	<u>Number of Developed Lots</u>
Arrowhead Point	6
Little Choga Place	31
Mountain Shadows	24
Nantahala Harbor	8
Nantahala Highlands Estates	31
Rocky Overlook Branch	16
Summit View	6

SCHEDULE B

COMMERCIAL MEMBERS

<u>Commercial Member</u>	<u>Representative</u>
Boatstor	Wayne Haynes
Nantahala Marine	Jeff Cohen
Nantahala Real Estate	Christine Flaig

SCHEDULE C

INDIVIDUAL MEMBERS

Name of Homeowner
Gelder, Robert
Kitchens, Scott
Moore, Kevin
Roach, Greg
Poirrier, Shirley
Rice, Greg