

ARTICLE VI - Directors - Board of:

Section 1. Powers of Board - The Board shall:

- (a) Manage and control the affairs of the Association.
- (b) Adopt a corporate seal as the seal of the Association.
- (c) Designate a banking institution or institutions as a depository for the Association funds; and the officer or officers authorized to make withdrawals there from and to execute obligations on behalf of the Association.
- (d) Perform other acts the authority for which has been granted herein or by law including the borrowing of money for Association purposes as hereinafter provided. A resolution by the Board that the interests of the Association require the borrowing of money shall be sufficient evidence for any person that the borrowing is for a proper corporate purpose. The Board, may, if it determines that the same shall be reasonably necessary, assign, pledge, mortgage or encumber any Association property (except the real property and buildings thereon, if any), designated as "common areas" as security for such borrowings, and they may pledge or assign future revenue of the Association as security therefore; provided, however, such borrowing shall be limited to five percent (5%) of the then current annual budget. Any required borrowing in excess of five percent (5%) of the total annual budget shall be submitted to the membership for vote at a special meeting of the Association membership. Approval for such expenditure shall require two-thirds (2/3) vote of the members who are voting in person or by proxy at a special meeting duly called for this purpose. The Board of Directors of Tink Wig Mountain Lake Property Owners Association are hereby authorized to borrow the sum of no more than one hundred seventy five thousand (\$175,000.00) dollars for a term of no longer than ten (10) years at an interest rate of 8.25% from a reputable lending institution commencing in the year of 1996. All loan proceeds shall be used to apply a new sub-base and surface application to our road network. The Board of Directors is authorized to apply for, accept and enter into the above described loan and to encumber Association property, including but not limited to common areas, as security for the loan. The Board of Directors, by resolution, may designate a person or persons to execute any and all documents necessary to apply for, accept and enter into such a loan.
- (e) Rules and Regulations; The Board shall adopt such rules and regulations relating to the use of Association property and sanctions for non-compliance therewith, as it may deem reasonably necessary for the best interest of the Association and its members. These Rules and Regulations must be approved by the membership at the annual meeting by a simple majority of those voting in person or by proxy. The Board may also establish and levy reasonable fees for the issuance of building permits and/or the use of Association property. The Board shall also employ sufficient number of persons to adequately maintain association property.
- (f) The Board shall, prior to annual meetings of the Association in each year, adopt an operating budget to be presented for approval by the members at such annual meeting. Upon approval of the budget, the Board shall, taking into consideration other sources of income that the Association may have, levy the required annual assessment for each improved or unimproved lot that shall result in sufficient revenues to cover budgeted expenditures for the following year. Upon the adoption and approval of the budget, the Board shall be bound by the same and expenditure shall not vary therefrom by more than five percent (5%) of the total budget without having called a special meeting, in the manner heretofore provided, of the Association to approve such variations, EXCEPT, that due to fire, storm, or other acts of God, where damage is suffered by Common Property, expenditures for emergency repairs not in excess of fifteen percent (15%) of the annual budget may be expended without the approval of the Association membership. The budget shall be adopted only after members of the Association shall have a reasonable opportunity to review the

same and to comment thereon, either at hearings held thereon, or through such other means as the Board may direct. Such hearings shall be held at least thirty (30) days, but not more than forty-five (45) days before the annual meeting. A copy of the proposed budget shall be distributed to each property owner, either by direct mail or newspaper, periodical or bulletin, published by the Association.

(g) A two-thirds (2/3) majority vote of the Directors shall be required to propose an increase in Association dues.

Section 2. Term of office: Board Members shall serve for a term of three (3) years. The Board shall be composed of three (3) groups of five (5) members with each group's term staggered so that each year five directors' terms will expire. No elected board member may serve more than three (3) consecutive terms of office.

Section 3. Election of Directors:

(a) Eligibility: Persons eligible for election to the Board shall be voting members of the Association in good standing. Election of Directors shall be by written ballot as hereinafter provided. In all elections of Directors, each member shall be entitled to cast as many votes as shall equal the number of votes which he/she is entitled to cast in any matter other than the election of Directors, multiplied by the number of Directors to be elected.

(b) Filing for Candidacy for Director

1. Incumbents must inform the Secretary by March 1, a letter of their intention to run for re-election. If such notice is not received by said date, the incumbent's name will not be placed on the ballot in the upcoming election. No endorsement shall be necessary for incumbents.

2. Between January 1 April 15 of each year, any voting member in good standing may file with the Secretary of the Association a statement of his or her candidacy for election as a Director of the Association for a term beginning immediately following the Annual Meeting of the Association held after the filing of such statement.

3. In addition to the methods of filing for candidacy for Office of Directors of the association as heretofore provided, a nominating committee of five (5) elected and appointed members shall submit a list of up to five (5) additional candidates. Such candidates shall not need petitions. The function of the nominating committee is to insure that there are at least five (5) candidates for the upcoming election. The committee shall not be invoked unless there are less than five (5) candidates for election to the Board of Directors. The nominating committee shall consist of the following appointed and elected members as follows:

(a) Two (2) members appointed by the Board, and:

(b) Three (3) members elected by members at the Annual Meeting. The nominating committee shall be formed at the Annual Meeting to prepare the list of candidates for the following annual election upon its being invoked by the Board of Directors anytime after April 15th of the election year.

1. 4. The Secretary of the Association shall cause notice of each candidacy, and a brief biographical statement of each candidate to be included in the notice of such annual meeting.

(a) Method of Election: All elections to the Board shall be made on written ballot or ballots which shall:

(1) Describe the vacancy to be filled; and

(2) Set forth the names of those persons who have become candidates for the Office of Director in the order in which they filed their statements and endorsements of candidacy with the Secretary of the Association. Such ballots shall be prepared and mailed by the Secretary to each member entitled to vote, simultaneously with the mailing of the notice of the Annual Meeting of the Association.

(b) Each member entitled to vote shall receive one (1) ballot for each Lot for which he/she is a voting member.

(c) Method of Return and Control of Ballots: The completed ballot shall be returned as follows:

Each ballot shall be placed in a sealed envelope marked "Ballot" but not marked in any other way. Each such "Ballot" envelope shall contain only one (1) ballot and each voting member shall be advised that because of the verification procedures hereinafter set forth, the inclusion of more than one such ballot in any one (1) "Ballot" envelope shall disqualify the return. Such "Ballot" envelope shall be placed in another sealed envelope which shall bear on its face the name of the member, his/her lot number, and such other information as the Board may determine will serve to establish his/her right to cast the vote or votes presented in the ballot or ballots contained therein. The ballots shall be returned to the Secretary of the Association at such address as the Board may from time to time determine, no later than ten (10) days prior to the Annual Meeting.

(d) Upon receipt of each return, the Secretary shall immediately place it in a safe or other locked place until the day fixed by the Board for the counting of such ballots. On that day, the external envelopes containing the "Ballot" envelopes shall be turned over unopened to an Election Committee, consisting of the Secretary, the then existing Board, and a representative of each candidate for the Office of Directors. The Election Committee shall then adopt a procedure which shall establish that the name of the member on the outside of the envelope is that of a member in good standing. Such procedure shall be taken in such a manner that the vote of any member shall not be disclosed to anyone, including the Election Committee. The outside envelope shall thereupon be placed in a safe or other locked place, and the Election Committee shall proceed to the opening of the "Ballot" envelopes and counting of the votes. If any "Ballot" envelope contains more than one (1) ballot, all ballots contained in such envelope shall be disqualified. The Election Committee shall certify the results of the count at the annual meeting, and the terms of Office of the Directors so elected shall commence immediately following such annual meeting.

(e) All outside envelopes, ballots and statements of candidacy shall be retained by the Secretary for a period of one (1) year.

(f) In the event that the number of nominating petitions filed in accordance with the procedures set forth in the Constitution and by-laws equals the number of vacancies on the Board of Directors, or the number of members on the list provided by the Nomination Committee pursuant to Article VII, Section 4 (b) equals the number of vacancies on the Board of Directors, or the combination of both equals the number of vacancies on the Board of Directors, it shall not be necessary for the Board to conduct the balloting procedures and methods of election set forth in Article VI, Section 4. The Secretary of the Board of Directors shall, instead, cast one ballot for each of the nominees at the Annual Meeting of the Association. Any such nominees shall be considered regularly and duly elected members of the Board of Directors.

Section 4. Meeting of the Board of Directors: The Board shall meet at least monthly EXCEPT for the months of January and February during which time the regular business of the Association shall be under the direction of the Executive Committee. Special meetings of the Board may be called by the Executive Director or by a majority of the Board and shall be held at such place as the call or notice of the meeting shall designate. Notice of special meetings may be given to Board Members in writing or orally at least seventy two (72) hours prior to the date of the said special meeting or notice thereof may be waived by the

Directors in writing. Board meetings are held for the purpose of conducting Association business. Any Association member may attend Board meetings and may offer comments or suggestions during the time scheduled on the agenda for Property Owner's comments.

Section 5. Quorum: Board of Directors - Eight (8) members shall constitute a quorum to transact business of the Board and any act of the Majority of the Directors present at any meeting shall be deemed the act of the Board.

Section 6. Vacancies: If any vacancy exists on the Board, such vacancy shall be filled by a majority of the remaining Directors. Any person so appointed shall be a Director to the completion of the unexpired term of his/her predecessor. Such person shall be exempt from the requirement listed under Section 4 (b) (1) of this Article. If the appointment to the Board was made after March 1st and the term of office is expiring during the same year as the appointment.

Section 7. Suspension of Director: Any Board Member indicted for a felony shall be automatically suspended pending the outcome of such indictment. If convicted, he/she shall be dropped from office. Any Board Member who shall miss four (4) meetings of the regularly scheduled Board Meetings in any given fiscal year shall automatically be removed from office.