

PEPPERTREE MAGGIE VALLEY OWNERS ASSOCIATION, INC.
BY-LAWS

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BY-LAWS OF
PEPPERTREE MAGGIE VALLEY OWNERS ASSOCIATION. INC.
A Non-Profit Corporation

ARTICLE I

Purpose and Offices

Section 1. IDENTITY.

Peppertree Maggie Valley Owners Association, Inc. is a non-profit corporation organized under Chapter 55A of the General Statutes of North Carolina under the Articles of incorporation which were filed in the Office of the Secretary of State on

April 5, 1999. Peppertree Maggie Valley Owners Association, Inc., hereinafter called "Association", has been organized for the purpose of administering the operation and management of the following condominiums:

| Name of Condominium | Recording Information – Declarations of Condominium, Haywood Co. Public Registry |
|---|---|
| Peppertree Resort Villas of Maggie Valley Condominium | Book UO 2, Page 429 |
| Peppertree Resort Villas II Condominium | Book 373, Page 546 |

(hereinafter collectively called "The Condominiums"), all condominiums established by Peppertree Maggie Valley Associates, a North Carolina Limited Partnership, in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Haywood County, North Carolina, and being described in Exhibit C to the respective Declarations of Condominium, together with any portions of the property described in Exhibit A to the respective Declarations of Condominium which may hereafter be annexed and dedicated to The Condominiums or any of them pursuant to the Declarations of Condominium for each of The Condominiums filed in the public records of Haywood County, North Carolina, as above set forth.

Section 2. APPLICABILITY.

The provisions of these By-Laws are applicable to The Condominiums, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and which may be contained in the respective Declarations of

Condominium for The Condominiums recorded in the Public Records of Haywood County, North Carolina, as above set forth, the terms and provisions of said Articles of Incorporation and Declarations of Condominium to be controlling wherever the same may be in conflict herewith. These By-Laws are further subject to the delegations of power from each of the homeowner associations of The Condominiums to the Association as permitted by and subject to Chapter 47C of the North Carolina General Statutes and NCGS §47C-2-120 in particular.

Section 3. REGISTERED OFFICE.

The registered office of the Association shall be located at the offices of Peppertree Maggie Valley, Maggie Valley North Carolina 28751.

ARTICLE II

MEMBERSHIP, VOTING, QUORUM, PROXIES

Section 1. QUALIFICATION.

The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in Article V of the Articles of Incorporation of the Association, the provisions of which said Article V are incorporated herein by reference.

Section 2. MULTIPLE OWNERSHIP

Each owner of a unit week in a unit committed to interval ownership, shall be entitled to vote at meetings of the Association and shall be entitled to one (1) vote for each unit week owned. In the event a unit week is owned by more than one person, the owners of said unit week shall designate one of them as the voting member, or in the case of a corporate owner, the corporation shall designate an individual as the voting member. Nothing herein contained shall prohibit either the voting member or all owners of a unit or of an interest in a unit from designating any individual as proxy to cast the vote of such unit or interest in a unit at any meeting or meetings of the Association

Section 3. QUORUM.

Except where otherwise required under the Articles of Incorporation of the Association or these By-Laws, or where the same may otherwise be required by law, at all meetings regular or special, a quorum shall consist of the presence in person or by proxy of the holders of (5%) five percent of the memberships entitled to vote at any meeting. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the

presence of such person for the purpose of determining a quorum. Proxies shall only be valid to constitute a quorum at the particular meeting designated thereon and must be filed with the Secretary of the Association prior to the designated time of the meeting.

Section 4. VOTING.

Votes may be cast in person or by proxy. Every owner is entitled to one (1) vote for each membership or week of ownership.

Proxies shall be valid for only the particular meeting designated thereon and must be filed with the Secretary of the Association before the designated time of the meeting.

Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration of Condominium, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. ANNUAL MEETINGS.

The annual meeting of the membership shall be held at such time and place as may be designated by the Board of Directors in the month of November of each calendar year for the purpose of electing Directors and transacting any other business authorized to be transacted by the members. Provided, however, annual meetings shall not be held on a legal holiday.

Section 2. PLACE OF MEETINGS.

All meetings of members shall be held at such place within the State of North Carolina as shall be designated by the Board of Directors or agreed upon by a majority of the members entitled to vote.

Section 3. SPECIAL MEETINGS.

Special meetings of the members may be called at any time by the President or a Vice President, or the Board of Directors, and must be called by such officers upon receipt of a written request from members holding five (5%) percent of the votes entitled to be cast at any meeting of members.

Section 4. NOTICE OF MEETINGS.

Written or printed notice stating the time and place of the meeting shall be delivered not less than twenty (20) nor more than sixty (60) days before the date thereof, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record entitled to vote at such meeting.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter, other than election of directors, on which the vote of members is expressly required by the provisions of Chapter 55A of the North Carolina General Statutes. In the case of a special meeting, the notice of meeting shall specifically state the purpose for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken. If there is no quorum present at the opening of a meeting of members, such meeting may be adjourned from time to time by a vote of a majority of the members voting on the motion to adjourn; and, at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. The members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 5. ORDER OF BUSINESS.

Insofar as practical, at any annual members' meeting and at any other member's meeting, the order of business shall be as follows:

1. Calling of the role and certifying proxies
2. Proof of notice of meeting or waiver of notice
3. Reading and disposal of any unapproved minutes
4. Report of Manager

5. Unfinished business
6. New business
7. Appointment of Inspectors of Election by Chairman
8. Election of Directors
9. Adjournment.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. GENERAL POWERS.

The business and affairs of the Association shall be managed by the Board of Directors (hereinafter "Board"). Subject to the restrictions imposed by law, by the Articles of Incorporation or by the By-Laws, the Board shall exercise all the powers of the Association.

The Board has the right to adopt rules and regulations governing the use of the common land and the conduct of the members, their family members and members' guests, and authorized tenants and their guests. The Board also has the right to levy fines against the member, their family members, and member's guests, and authorized tenants and their guests for violations of such rules and regulations.

Section 2. NUMBER, TERM AND QUALIFICATIONS.

The initial Board of Directors shall consist of five (5) persons and each succeeding Board of Directors shall consist of five (5) persons. Directors shall serve for a term of three years, but shall remain in office until their successors are elected and qualified. Each Director must be an owner in good standing at Peppertree Resort Villas of Maggie Valley Condominium or Peppertree Resort Villas II Condominium.

Section 3. ELECTION OF DIRECTORS.

Directors for those terms which have expired shall be elected at the annual meeting of shareholders; and those persons who receive the highest number of votes shall be deemed to have been elected.

Section 4. VACANCIES.

A vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though the remaining Directors may equal less than a quorum.

Unscheduled vacancies on the Board due to death, resignation, removal, or due to an amendment to these By-Laws which would create an increase in the number of directors, shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board may exist. Any appointed Director shall hold office until the next election.

Section 5. REMOVAL.

Any Director may be removed at any time, with or without cause by a vote of seventy-five (75%) percent of the total vote of the Association at any regular meeting or special meeting thereof, and the removed director shall be replaced according to a majority vote of the Association at any regular meeting or special meeting thereof. A director's sale of all of the ownership interest in the Association shall automatically terminate the director's directorship.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. REGULAR MEETINGS.

No less than three (3) regular meetings of the Board shall be held on such dates and at such time and place as shall be set annually at the first meeting of the directors following the annual meeting. The Board's schedule of regular meetings shall be posted in the Association's Administrative office. These meetings shall be held without other notice. In addition, the Board may provide, by resolution, in the time and place for the holding of additional regular meetings.

Section 2. SPECIAL MEETINGS.

Special meetings of the Board may be called by or at the request of the President or any two (2) Directors.

Section 3. NOTICE OF MEETINGS.

Regular meetings of the Board may be held without notice. The person or persons calling a Special meeting of the Board shall, at least three (3) days prior to the meeting, give notice thereof by any usual means of communication. Such Notice need not specify the purpose for which the meeting is called. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a

Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

Section 4. QUORUM.

A majority of the Directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board. If any Directors' meeting cannot be conducted because a quorum has not attended, the Directors who are present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

Section 5. ACTION WITHOUT A MEETING.

To the extent now or from time to time hereafter permitted by the laws of the State of North Carolina, the directors may take action which they might take at a meeting of directors without a meeting if the action is approved by all of the directors. A record of any such action so taken, signed by each director, is to be retained in the Association's minutes book and given equal dignity by all persons to the minutes of meetings duly called and held. Any action so approved shall have the same effect as though taken at a meeting of the Board.

Section 6. INDEMNIFICATION.

To the extent permitted by the laws of the state of North Carolina, no director shall be liable to any Owner for injury or damage caused by such director in the performance of his/her duties unless due to the willful misfeasance or malfeasance of such director. Furthermore, each director shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon a director in connection with any proceedings to which the director may be a party or in which the director becomes involved by reason of his/her being or having been a director of the Association, whether or not he/she is a director of the Association at the times such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful malfeasance or misfeasance in the performance of his/her duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association.

+Section 7. DIRECTORS' EXPENSES.

The Directors shall be entitled to reimbursement for any expenses arising out of the fulfillment of their duties as a member of the Board of Directors including but not limited to travel, food and lodging. Said reimbursement shall be made directly to the Director upon submission of receipts or invoices to the Board evidencing such expenses.

ARTICLE VI

OFFICERS

Section 1. NUMBER.

The officers of the Association shall consist of a President (who must be a Director), a Secretary, a Treasurer, and such other Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board may from time to time elect. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. ELECTION AND TERM.

The officers of the Association shall be elected annually by the Board. Such elections may be held at any regular or special meeting of the Board. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 3. REMOVAL.

Any officer or agent elected or appointed by the Board may be removed by the Board with or without cause.

Section 4. PRESIDENT.

President

The President is the principal officer of the Corporation. He is subject to control by the Board. He will supervise and control the management of the corporation in accordance with the by-laws. When present he will preside at all meeting of members or board. He will sign all deeds and other papers as required by law on behalf of the corporation except those allowed by law to be signed by someone else. He will perform all duties normally assigned to the President and other duties as required by the board.

Section 5. VICE-PRESIDENT.

The Vice-Presidents in the order of their election, unless otherwise determined by the Board, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board shall prescribe.

Section 6. SECRETARY.

The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the board of directors may order, of all meetings of the directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of memberships present or represented at members meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office, a membership register, or a duplicate membership register, showing the names of the members and their addresses, the number of memberships held by each, the number and date of certificates issued for the existing memberships, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by the By-laws, or by law to be given, and he shall keep the seal of the association in safe custody, and shall have such powers and perform such other duties as may be prescribed by the Board of Directors.

Section 7. TREASURER.

The Treasurer shall, have responsibility for Association Funds, keeping and maintaining a complete set of financial records, the deposit of all monies in the name of the Association in depositories designated by the Board, perform all duties incident to the office of Treasurer of an Association organized under the laws of North Carolina, cause an Annual Audit of the Associations books by a certified public accountant at the end of the fiscal Year, prepare the annual budget, receive no compensation for duties of Treasurer, have the following responsibilities for the association: a. insurance, b. investment of funds, c. asset collection and collection of delinquent accounts, d. replacement reserve program, timely filing of all income tax returns, e. timely reporting of financial status to the Board. The Treasurer shall also provide a regular review of investment policies and options as well as oversee sales of units and rental programs for proper income to the Association, supervise and dispense compensation for all

Association employees, and perform all duties incident to the Treasurer and such other duties as from time to time that may be assigned by the President or the Board.

Section 8. ASSISTANT SECRETARIES AND TREASURERS.

The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or by the Board.

Section 9. BONDS.

The Board 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.

Section 10. EMPLOYMENT OF DIRECTORS OR OFFICERS.

Nothing herein contained shall preclude the Board from employing a Director or Officer as an employee of the Association.

Section 11; TRANSFER OF RESPONSIBILITIES

The Board of Directors may transfer some or all of the above responsibilities to a Manager or Management Company through the contract with the Manager of Management Company.

The Officer must maintain oversight of responsibilities.

More detail on the above items can be obtained from the Book titled "The Role of the Association _____" (Particular Officers) kept and maintained to the latest level in the Association Office. This book would be the basis of officer duties transferred to a Manager or Management Company.

ARTICLE VII

CONTRACTS. LOANS AND DEPOSITS

Section 1. CONTRACTS.

The Board 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 2. 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. Such authority may be general or confined to specific instances.

Section 2. 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 vote of the majority of the Unit Owners approving said loan. Such borrowing authority may be granted for general purposes or confined to specific instances.

Section 3. CHECKS AND DRAFTS.

All checks, drafts or other orders for the 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.

Section 4. DEPOSITS.

All funds of the Association not otherwise employed shall be deposited in a timely manner to the credit of the Association in such depositories as the Board or Management Company shall direct.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. AMENDMENTS.

Amendments to these By-Laws shall be proposed and adopted in the following manner:

- (a) Amendments to these By-Laws may be proposed by the Board of the Association acting upon a vote of the majority of the Directors, or by members of the Association holding ten (10%) percent of the votes in the

Association, whether meeting as members or by instrument in writing signed by them.

(b) Upon any amendment or amendments to these By-Laws being proposed by said Board 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 Meeting of the members of the Association for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such 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 Meeting of the members is required as herein set forth.

(c) In order for the amendment or amendments to become effective, the same must be approved by the affirmative vote of a majority of the total vote of the members of the Association present or represented by proxy at the meeting wherein the proposed amendment(s) was considered. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the public records of Haywood County, North Carolina, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the Directors and members. No amendment shall become operative until it shall have been duly recorded.

(d) Notwithstanding the provisions of paragraphs (a), (b) or (c) above, these By-Laws may be amended by majority vote of the Board where the purpose of such amendment is to make technical changes or corrections where such technical changes or corrections do not affect the substantive rights or diminish the voting rights of any member of the Association.

(e) Upon the approval and proper recording of any amendment or amendments, the same shall become binding upon all Unit Owners and all Unit Interval Owners.

Section 2. WITHDRAWAL.

Notwithstanding any other provision of the Articles of Incorporation or these By-Laws, any of the Condominiums participating in this Association may withdraw from this Association upon the giving of a one (1) year notice of intent to withdraw, which notice must first have been approved by a two-thirds (2/3) vote of the members of the homeowner association of such Condominium

present at a meeting of such association where at least twenty-five (25%) of the members were present in person or by proxy.

Section 3. SEAL.

The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and the name of the State of incorporation and in the center of which is inscribed CORPORATE SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 4. RULES OF CONDUCT.

The Board shall establish such Rules of Conduct as it shall, from time to time, deem advisable for the conduct of members and guests of members and for the general operation of the condominium. Copies of such Rules and Regulations shall be available to members in the Office of the Association and a copy shall remain posted at all times in the Office of the Association.

Section 5. COMPLIANCE.

These By-Laws are set forth to comply with the requirements of Chapter 47C of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

Article IX
Managing Agent

Section 1. EMPLOYMENT.

The Board, at its discretion, may employ a person or corporation professionally competent in property management to serve as the Managing Agent ("Manager"), who shall be responsible, under the direction of the Board, for managing the properties and resources of the Association. The Manager shall be selected by the Board at a salary to be determined by the Board.

Section 2. TERMS OF EMPLOYMENT.

The Manager shall be employed under a contract specifying a term of no less than one (1) year nor more than three (3) years. Said contract may be renewed at the discretion of the Board. Said contract may be terminated for cause by the Board. Either party (the Board or Manager) may terminate the

contract provided that due notice has been given in writing no less than thirty (30) days in advance of the termination date.

Section 3. LINE OF COMMUNICATION.

For the sake of clarity, consistency, and harmony, the Board shall communicate its directives to the Manager only through the President or (in case of the President's incapacity or unwillingness to act), either the Vice President or an officer nominated by the Board to communicate with the Manager on behalf of the President. The Manager shall communicate his concerns, questions, recommendations, and other information for the Board's consideration through the President or the person officially acting on behalf of the President.

Section 4. RESPONSIBILITIES.

If retained, the Manager shall exercise the powers and perform the duties assigned to the manager by the contractual agreement.

The foregoing were adopted as the By-Laws of Peppertree Maggie Valley Owners Association, Inc., a non-profit corporation under the laws of the State of North Carolina, at the _____ meeting of the Board of Directors on _____, 2006.

Secretary

APPROVED:

President