

EXHIBIT 'C'

BYLAWS OF THE LODGE AT BLUE MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

A North Carolina Corporation Not for Profit

I. IDENTITY

A. Applicability. These are the Bylaws of THE LODGE AT BLUE MOUNTAIN CONDOMINIUM ASSOCIATION, INC. (the "Association"), a North Carolina corporation not for profit organized pursuant to the provisions of Chapters 55A and 47C, General Statutes of North Carolina, as amended from time to time to the date of filing of the Articles of Incorporation. The purpose and object of the Association shall be to administer the operation and management of THE LODGE AT BLUE MOUNTAIN ("Condominium"), which shall be established in accordance with the North Carolina Condominium Act, Chapter 47C, General Statutes of North Carolina, 1987 ("Act"), upon certain real property in Yancey County, North Carolina ("County").

B. Office. The office of the Association shall be at Route 3, Mars Hill, North Carolina 28794, or at such other place as may be established by resolution of the Board of Directors.

C. Fiscal Year. The fiscal year of the Association shall be the calendar year.

D. Seal. The seal of the Association shall bear the name "THE LODGE AT BLUE MOUNTAIN CONDOMINIUM ASSOCIATION, INC.," the word "North Carolina," the words "Corporation Not For Profit," and the year of incorporation. An impression of the seal is as follows:

(SEAL)

E. Definitions. All terms used herein shall have the same meaning and definitions as are set forth in the Declaration of Condominium for THE LODGE AT BLUE MOUNTAIN, A CONDOMINIUM ("Declaration").

II. MEMBERSHIP, VOTING, QUORUM, PROXIES

A. Membership. The qualification of Members of the Association ("Members"), the manner of their admission to Membership and termination of such Membership, and voting by Members, shall be as set forth in Article VI of the Articles of Incorporation for the Association ("Articles"), the provisions of which are incorporated herein by reference.

B. Quorum. A quorum is deemed present throughout any meeting of Members, if Members entitled to cast twenty percent (20%) of votes are present in person or by proxy at the beginning of the meeting.

C. Voting.

1. If only one of the multiple Owners of a Unit is present at a meeting of the Association, he is entitled to cast the vote allocated to that Unit. If more than one of the multiple Owners are

present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

2. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each Owner of a Unit may vote or register protest to the casting of votes by the other Owners of a Unit through duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person presiding over the meeting of the Association. Any proxy is void if it is not dated. A proxy terminates one year after its date unless it specifies a shorter term.

D. Approval. Evidence of the approval or disapproval of the holder of the vote upon any matter, whether or not the subject of an Association meeting, shall be given to the Association by the same person who would cast the vote if in an Association meeting.

E. Vote Required. Except as otherwise required under the provisions of the Articles, these Bylaws, the Declaration or where the same otherwise may be required by law, at any duly called meeting of the general Membership of the Association where the Members are entitled to vote and at which a quorum is present, the acts approved by the affirmative vote of the of the Members representing a majority of the Units entitled and authorized to vote whether in person or by proxy upon any question shall be binding upon the Members. No vote for a Unit owned by the Association may be cast.

G. Consent to Action. To the extent permitted by law, these Bylaws, the Declaration and the Articles, any action on any matter to be taken by the Association may be taken by written consent without meetings, setting forth the action so taken, approved by Members holding not less than the minimum number of votes necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voting.

III. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

A. Annual Meeting. The annual meeting of the Members shall be held at the office of the Association or such other place in North Carolina and at such time as may be specified in the notice of the meeting, on the first day of _____ of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the Members. No meetings of Members shall be required until such time as the first Unit is conveyed to a Member other than Eagle's Nest Villas Corporation ("Declarant"), or within one year of incorporation.

B. Member Approval Matters. All matters to be determined by the Association shall be determined by the Board of Directors, except the following:

1. Termination of the Condominium;
2. Amendment of the Declaration;
3. Initiation of lawsuits by the Association;
4. Amendment of the Articles of Incorporation;
5. Election of Directors;
6. Determine the qualifications, powers, duties, compensation or terms of the Board.

C. Special Meetings. Special meetings of the entire Membership of the Association shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from Members entitled to cast twenty percent (20%) of the votes.

2. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each Owner of a Unit may vote or register protest to the casting of votes by the other Owners of a Unit through duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person residing over the meeting of the Association. Any proxy is void if it is not dated. A proxy terminates one year after its date unless it specifies a shorter term.

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4. Amendment of the Articles of Incorporation;
5. Election of Directors;
6. Determine the qualifications, powers, duties, compensation or terms of the Board.

C. Special Meetings. Special meetings of the entire Membership of the Association shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from Members entitled to cast twenty percent (20%) of the votes:

D. Notice of Meetings.

1. Generally. Written notice of all meetings of Members shall be given by the Secretary or, in the absence of the Secretary, another officer of the Association, to each Member unless waived in writing. Each notice shall state the time and place of and purpose for which the meeting is called including, if applicable, the general nature of any proposed amendment to Declaration or Bylaws, any budget changes and any proposal to remove a director.

2. Annual. Notice of the annual meeting shall be given to each Member not less than ten (10) days nor more than fifty (50) days prior to the date set for the meeting, and shall be mailed to each Member or personally delivered. Such notice shall be deemed properly given when deposited in the United States mail addressed to the Member at his post office address as it appears on the records of the Association, with postage thereon prepaid. If delivered personally, receipt of notice shall be signed by the Member indicating the date received.

3. Special. Notice of special meetings shall be given to each Member not less than ten (10) and not more than fifty (50) days prior to the date set for the meeting and shall be mailed by regular mail or delivered personally to the Member.

4. Waiver. Any Member may, in writing, signed by such Member, waive notice of any meeting prior to such meeting, and such waiver, when filed in the records of the Association, shall be deemed equivalent to the giving of notice to such Member.

5. Meetings by Written Consent. Members may take action by written agreement without meetings.

6. Adjourned Meetings. If any meeting of Members cannot be held because a quorum is not present, or because a greater percentage of the Membership required to constitute a quorum for a particular purpose is not present, whenever required by the applicable provisions of the Articles, the Bylaws or the Declaration, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. Presiding Officer and Minutes. At meetings of Members, the President, or in his absence, the Vice President, shall preside, or in the absence of both, the Members present shall select a chairman of the meeting. Minutes shall be kept in a businesslike manner and available for inspection by Directors, Members and their authorized representatives during normal business hours at the principal office of the Association.

E. Order of Business. The order of business at annual meetings of Members, and, as far as practical, at other meetings of Members, shall be:

- (1) Calling of the roll and certifying of proxies,
- (2) Proof of notice of meeting or waiver of notice,
- (3) Reading or waiver of reading of minutes of previous meeting of Members,
- (4) Reports of officers,
- (5) Reports of committees,
- (6) Appointment of Chairman of inspectors of election,

- (7) Election of Directors.
- (8) Unfinished business,
- (9) New business, and
- (10) Adjournment.

IV. BOARD OF DIRECTORS

A. Members of Board. The first Board of Directors shall consist of not less than three (3) persons as designated in the Articles of Incorporation. Pursuant to the Articles of Incorporation, the Declarant reserves the right to appoint Directors to the Board as set forth therein.

B. Election of Directors. Directors shall be elected in the following manner:

1. Commencing with the election of the Board to succeed the first Board as designated in the Articles, Declarant shall appoint the number and the identity of the Members of the Board which Declarant is entitled to appoint in accordance with the Articles and these Bylaws, and upon such appointment by Declarant, and upon written instrument presented to the meeting at which such election is held, the persons so appointed by Declarant shall be deemed and considered for all purposes Directors of the Association and shall thenceforth hold the offices and perform the duties of such Directors until their successors shall have been elected or appointed, as the case may be, and qualified in accordance with the provisions of these Bylaws.

2. For so long as the Declarant retains the right to appoint at least one Member of the Board of Directors, all Members of the Board except those who Declarant is entitled to appoint under these Bylaws, shall be elected at large by a plurality of the votes cast at the annual meeting of the general Membership, such vote to occur immediately following designation of the Members of the Board whom Declarant is entitled to appoint. Commencing with the first annual election of Directors after the Declarant has lost or relinquished the right to appoint at least one Director, the Members shall elect all the Directors by a plurality of the votes cast at the annual meeting of the general Membership.

3. Vacancies on the Board may be filled, through the unexpired term thereof, by the remaining Directors except that, should any vacancy on the Board be created in a directorship previously filled by any person appointed by Declarant, such vacancy shall be filled by Declarant appointing by written instrument delivered to any officer of the Association, the successor Director, who shall fill the vacated directorship for the unexpired term thereof.

4. Until such time as the Members are entitled to elect all of the Directors, each Director shall serve for one year until the next annual meeting or such other time as his successor is elected. At the first annual meeting at which the Members are entitled to elect all of the Members of the Board of Directors, at least one directorship shall be designated as a two-year term director and the other shall be for one year. The intent hereof is to stagger the terms of the directorships so that there shall be some Members of the Board with prior experience.

5. In the election of Directors, there shall be appurtenant to each Unit one (1) vote for each Director to be elected. Provided, however, that no Member may cast more than one vote for any person nominated as a Director, it being the intent hereof that voting for Directors shall be non-cumulative.

D. Notice of Meetings.

1. Generally. Written notice of all meetings of Members shall be given by the Secretary or, in the absence of the Secretary, another officer of the Association, to each Member unless waived in writing. Each notice shall state the time and place of and purpose for which the meeting is called including, if applicable, the general nature of any proposed amendment to Declaration or Bylaws, any budget changes and any proposal to remove a director.

2. Annual. Notice of the annual meeting shall be given to each Member not less than ten (10) days nor more than fifty (50) days prior to the date set for the meeting, and shall be mailed to each Member or personally delivered. Such notice shall be deemed properly given when deposited in the United States mail addressed to the Member at his post office address as it appears on the records of the Association, with postage thereon prepaid. If delivered personally, receipt of notice shall be signed by the Member indicating the date received.

3. Special. Notice of special meetings shall be given to each Member not less than ten (10) and not more than fifty (50) days prior to the date set for the meeting and shall be mailed by regular mail or delivered personally to the Member.

4. Waiver. Any Member may, in writing, signed by such Member, waive notice of any meeting prior to such meeting, and such waiver, when filed in the records of the Association, shall be deemed equivalent to the giving of notice to such Member.

5. Meetings by Written Consent. Members may take action by written agreement without meetings.

6. Adjourned Meetings. If any meeting of Members cannot be held because a quorum is not present, or because a greater percentage of the Membership required to constitute a quorum for a particular purpose is not present, whenever required by the applicable provisions of the Articles, the Bylaws or the Declaration, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. Presiding Officer and Minutes. At meetings of Members, the President, or in his absence, the Vice President, shall preside, or in the absence of both, the Members present shall select a chairman of the meeting. Minutes shall be kept in a businesslike manner and available for inspection by Directors, Members and their authorized representatives during normal business hours at the principal office of the Association.

E. Order of Business. The order of business at annual meetings of Members, and, as far as practical, at other meetings of Members, shall be:

- (1) Calling of the roll and certifying of proxies,
- (2) Proof of notice of meeting or waiver of notice,
- (3) Reading or waiver of reading of minutes of previous meeting of Members,
- (4) Reports of officers,
- (5) Reports of committees,
- (6) Appointment of Chairman of inspectors of election,

6. Within sixty (60) days after Members other than the Declarant are entitled to elect a Director(s), the Association shall, in accordance with the provisions of these Bylaws, call in a manner as elsewhere provided in these Bylaws, and give not less than ten (10) days nor more than fifty (50) days notice to a meeting of the Members for this purpose. Such meeting may be called and the notice given by any Member if the Association fails to do so within the time prescribed herein. Election of such Directors shall be conducted in the manner provided in these Bylaws.

7. In the event that Declarant selects any person or persons to serve on the Board, Declarant shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or other persons to serve on the Board. Replacement of any person or persons designated by Declarant to serve on the Board shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the persons so removed from the Board. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

C. Organizational Board Meeting. The organizational meeting of a newly elected or designated Board shall be held within fifteen (15) days of their election or designation, at such time and place as shall be fixed at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary; provided, that a quorum shall be present.

D. Regular Board Meeting. Regular meetings of the Board 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 shall be given to each Director, personally or by mail, telephone or telegram, at least seven (7) days prior to the day named for such meeting, unless notice is waived.

E. Special Meeting. Special meetings of the Board may be called by the President, and must be called by the Secretary at the written request of any two of the Directors. Not less than three (3) days' notice of a special meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting, unless notice is waived.

F. Board Minutes. Minutes of all meetings of the Board shall be kept in a businesslike manner and available for inspection by Members and Directors during normal business hours at the principal office of the Association.

G. Waiver of Notice. Any Director may waive notice of a meeting before, at or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

H. Quorum. A quorum at meetings of the Board shall consist of the Directors entitled to cast at least fifty percent (50%) of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as may be specifically otherwise provided in the Articles, these Bylaws or the Declaration. If any meeting of the Board cannot be held because a quorum is not present, or because the greater percentage of the Directors required to constitute a quorum for particular purposes is not present, whenever the latter percentage of attendance may be required as set forth in the Articles, these Bylaws or the Declaration, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

A Director who is present at a meeting of the Board at which action or any corporate matter is taken, shall be presumed to have assented to the action taken, unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

I. Action without a Meeting. To the extent now or from time to time hereafter permitted by the laws of North Carolina, the Board may take any action which they might take at a meeting of the Board without a meeting; provided, that a record of all such actions so taken and approval thereof, signed by each Director, shall be filed and retained in the minute book of the Association.

J. Removal. Directors, other than those appointed by the Declarant, may be removed with or without cause from office by the Members by at least sixty-seven percent (67%) vote of all Members present and entitled to vote at any meeting of the Members at which a quorum is present.

K. Presiding Officer. The presiding officer of meetings of the Board shall be the President of the Association. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

L. Powers. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the laws of North Carolina, the Articles, these Bylaws and the Declaration. Such powers and duties shall be exercised in accordance with the Articles, these Bylaws and the Declaration, and shall include, without limitation, the right, power and authority to perform all powers set forth in Article V of the Articles as well as the following:

M. Duties. Without limiting any of the foregoing powers or other duties of the Board, elsewhere set forth herein or in the Declaration or the Articles, it shall be the duty of the Board of Directors to:

1. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to Members at least annually.

2. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

3. Fix the amount of the Assessment against each Lot or Dwelling Unit, send written notice thereof to each Member and to take such remedial action as may be necessary or convenient to collect such Assessments.

4. Issue or cause to be issued a certificate setting forth the status of payment of Assessments for any Lot or Dwelling Unit.

5. Procure and maintain adequate liability and hazard insurance on the Common Property.

6. Cause the Common Property to be maintained.

7. Pay all costs of power, water, sewer and other utility services rendered to the Common Property and not billed to the Members individually.

8. Pay all taxes and assessments which are liens against any part of the Property other than Lots or Dwelling Units and the appurtenances thereto, and assess the same against the Members and their respective Lots and Dwelling Units subject to such liens.

VI. OFFICERS

A. Generally. The Board shall elect a President, Secretary, Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall deem advisable from time to time. The President shall be elected from the Membership of the Board, but no other officer need be a Director. The

same person may hold the offices of Secretary, Treasurer, Assistant Secretary or Assistant Treasurer; however, no other person may hold more than one office simultaneously. The Board may from time to time elect such other officers, and designate their powers and duties, as the Board may deem necessary to properly manage the affairs of the Association. Officers may be removed from office by the Board.

B. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board and shall see that orders and resolutions of the Board are carried out. He shall have all of the powers and duties which are usually vested in the office of President of a corporation not for profit, including but not limited to the power to appoint committees from among the Members from time to time, as he may in his discretion determine appropriate, the power to sign all amendments to the Declaration, Articles and Bylaws, leases, mortgages, deeds of trust, deeds and other written instruments, co-sign all checks and promissory notes, to assist in the conduct of the affairs of the Association. He shall have such additional powers as the Board may designate.

C. Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.

D. Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the Members. He shall attend to the affairs of the Association. He shall have such additional powers as the Board may designate. He shall attend to the giving and serving of all notices to the Members and the Board, and such other notices as may be required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a corporation not for profit and as may be required by the Board and the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

E. Treasurer. The Treasurer shall have custody of all of the property of the Association including funds, securities and evidences of indebtedness. He shall keep the assessment roll and accounts of the Members; he shall keep the books of the Association, in accordance with good accounting practices, and he shall perform all other duties incident to the office of Treasurer.

F. Compensation. No compensation shall be paid to any officer of the Association except with the approval of a majority of the Members entitled to vote. No officer who is appointed by the Declarant shall receive any compensation for his services as an officer.

G. Conflict of Interest. Nothing herein shall be construed so as to prohibit or prevent the Board of Directors from employing any director or officer of the Association at such compensation as the Board shall determine for the management of the Association for such compensation as shall be mutually agreed by the Board and such officer, director or corporation for the purpose of making available to the Members such services as are contemplated by provisions of the Articles or of these Bylaws. It is expressly acknowledged and contemplated that the first Board of Directors may enter into such contracts with persons who are initial officers or directors of the Association of which corporations having officers, directors, employees who are also Members of the first Board of the Association.

H. Term. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

I. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

J. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

A. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Member and his respective Unit. Such account shall designate the name and mailing address of the Member owning each Unit, the amount of each assessment against the Member, the amount of each assessment and due date thereof, all amounts paid, and the balance due upon each assessment.

B. Annual Budget. The Board shall adopt, for, and in advance of, each fiscal year, a budget for the Condominium showing the estimated costs of performing all of the functions of the Association as to the Condominium for the year. The budget shall show the total estimated expenses of the Association for that year and shall contain an itemized breakdown of the Common Expenses which shall include, without limitation, the costs of operating and maintaining the Common Elements, taxes on Association property, wages and salaries of Association employees, management, legal and accounting fees, office supplies, public utility services not metered or charged separately to Units, premiums for insurance carried by the Association and any reserve accounts and/or funds which may be established from time to time by the Board. Each budget shall also show the proportionate share of the total estimated expenses to be assessed against and collected from the Members and due date(s) and amounts of installments thereof. Copies of the proposed budgets and proposed assessments shall be transmitted to each Member within thirty (30) days after adoption of the proposed budget and the Board, shall set a date for a meeting of the Members to consider ratification which is not less than fourteen (14) and not more than thirty (30) days after mailing the summary. There shall be no requirement that a quorum be present at the meeting. The budget will be deemed ratified unless at the meeting a majority of all owners present at the meeting reject the budget. In the event that a budget is rejected, the budget last ratified shall continue in effect until such time as the Unit Owners ratify a subsequent budget.

Delivery of a copy of any budget or amended budget to a Member shall not affect the liability of any Member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of the budget and assessments levied pursuant thereto. Nothing herein contained shall be construed as a limitation upon the additional assessment in the event that any budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

C. Assessments. Unless otherwise determined by the Board of Directors, assessments shall be payable monthly on the first day of each month, but in no event shall amounts be payable less often than quarterly. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. Unpaid assessments for the remaining portion of the fiscal year for which an amended assessment is made shall be payable in equal installments through the end of the fiscal year; provided nothing herein shall serve to prohibit or prevent the Board of Directors from imposing a lump sum assessment in case of any immediate need or emergency.

D. Special Assessments. Special assessments shall be levied and paid in the same manner as heretofore provided for regular assessments. Special assessments can be of two kinds: (i) those chargeable to all Members in the same proportions as regular assessments to meet shortages or emergencies, to construct, reconstruct, repair or replace all or any part of the Common Elements (including fixtures and personal property related thereto) and for such other purposes and in such amounts as shall have been approved by the majority of

Members at a duly convened meeting at which a quorum is present; or (ii) those assessed against one Member alone to cover repairs or maintenance for which such Member is responsible and which he has failed to make, which failure impairs the value of or endangers the Common Elements or the Condominium, or which are for expenses incident to the abatement of a nuisance within his Unit which may be assessed when approved by the Board.

E. The Depository. The depository of the Association shall be such bank or banks or savings and loan association or associations as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks or withdrawals signed by such persons as are authorized and may include in its provisions authority for the manager of the Association to sign checks on behalf of the Association for payment of the obligations of the Association.

F. Audit or Review. An audit or review of the accounts of the Association may be made from time to time as required by the Condominium Act. Copies thereof shall be delivered to Institutional Mortgagees if requested.

J. Fidelity Bonds. Fidelity bonds shall be required for the Board and any persons handling or responsible for Association funds as the Board of Directors shall direct in an amount to be determined by the Board based upon its best business judgment. The premiums of said bonds shall be paid by the Association.

VII. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration, Articles of Incorporation or these Bylaws.

VIII. BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

IX. AMENDMENTS

Amendments to these Bylaws shall be proposed and adopted in the following manner:

A. Proposal. Amendments to these Bylaws may be proposed by the Board, acting upon vote of a majority of the Directors, or by Members owning Units in the Condominium, to which twenty percent (20%) of the vote are allocated whether meeting as Members or by instrument in writing signed by them.

B. Notice. Upon any amendment or amendments to these Bylaws being proposed by the Board or Members, such proposed amendment or amendments shall be transmitted to the President of the Association or acting chief executive officer in the absence of the President, who shall thereupon call a special meeting of the Members for a date not sooner than ten (10) days or later than fifty (50) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each Member written or printed notice of such meeting in the same form and in the same manner as notice of a special meeting of the Members is required as herein set forth; provided, that proposed amendments to the Bylaws may be considered and voted upon at annual meetings of the Members.

C. Content of Amendment. No Bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended; new words inserted in the text shall be underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of bylaw. See bylaw...for present text." Nonmaterial errors or omissions in the bylaw process shall not invalidate an otherwise properly promulgated amendment.

D. Voting. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of Members owning not less than fifty-one percent (51%) of the Units in the Condominium(s). Thereupon, such amendment or amendments to these Bylaws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Public Records of County as an amendment to the Declaration of Condominium within thirty (30) days from the date on which any amendment or amendments have been affirmatively approved by the Members.

E. Written Notice. At any meeting held to consider such amendment or amendments to these Bylaws, the written vote of any Member shall be recognized if such Member is not present at such meeting in person or by proxy, provided such written vote is delivered to the Secretary at or prior to such meeting.

F. Declarant's Reservation. Notwithstanding the foregoing provisions of this Article IX, no amendment to these Bylaws which shall abridge, amend or alter the right of Declarant to designate Members of the Board of Directors of the Association, as provided in Article IV hereof or any other right of the Declarant provided herein or in the Articles of Incorporation, may be adopted or become effective without the prior written consent of Declarant.

G. Proviso. Provided, however, that no amendment shall discriminate against any Member or group of Units unless the Members so affected shall consent. No amendments shall be made that is in conflict with the Act, the Declaration, or the Articles.

X. MISCELLANEOUS

In the case of any conflict between the Articles and these Bylaws, the Articles shall control and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

The foregoing were adopted as the Bylaws of THE LODGE AT BLUE MOUNTAIN CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of North Carolina, at the first meeting of the Board of Directors on the ____ day of _____, 1994.

Dated: _____

Secretary

APPROVED:

President