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Charter
for
Lake Arrowhead Community Foundation, Inc.



L A K E
ARROWHEAD

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Charter
for
Lake Arrowhead Community Foundation, Inc.

Preamble

THIS CHARTER FOR LAKE ARROWHEAD COMMUNITY FOUNDATION, INC. ("Charter") is made as of the 12th day of March, 2008, by Lake Arrowhead Communities, LLC, a Georgia limited liability company ("Founder").

The Founder intends to establish a balanced, cohesive community accommodating a mix of residential and other land uses and activities in order to create a sense of community and to provide ways and means for the residents of the community to be involved in their own neighborhood and in the community surrounding them. In order to facilitate this transaction, the Founder has created the Lake Arrowhead Community Foundation, Inc., a Georgia nonprofit corporation ("**Foundation**") to embody, reflect and carry forward these goals by going beyond the physical development and preservation of the land to perpetuating a sense of community life and spirit and creating an entity with responsibility for and involvement in programs and activities which will contribute positively to the residents within the development of Lake Arrowhead ("**Lake Arrowhead**") and to the Cherokee County community of which it is a part.

In pursuit of that goal, this Charter establishes a plan that is designed to permit the successful operation of the Foundation. Through this Charter, the Founder intends to provide for and foster programs and projects to facilitate interaction between Lake Arrowhead and greater Cherokee County. In addition, the Foundation will serve as a vehicle for providing educational, recreational, environmental and voluntary services to members of Lake Arrowhead and the surrounding community.

ARTICLE 1
Understanding the Mission of the Foundation

1.1 Mission Statement.

The mission of the Foundation is to serve as a community building vehicle for the residents of Lake Arrowhead, and to support the potential of the communities within greater Cherokee County by providing the impetus for educating and serving those residents.

1.2 Objectives.

The Foundation is not and is not intended to be a homeowners association, but is organized as a nonprofit corporation to serve the common good and welfare of the Owners and Cherokee County, Georgia. The primary objectives and purposes of the Foundation shall be building and maintaining a sense of community spirit. In furtherance of these goals, the Foundation may provide or support, without limitation, the following:

- Educational programs and opportunities for children and adults
- Programs, services and activities designed to address transportation issues within Lake Arrowhead and the surrounding community
- Exploring ways and means to utilize technology to maximize the quality of life and the opportunities for work and play with the community
- Encouraging residents within Lake Arrowhead to become volunteers within Lake Arrowhead and Cherokee County
- Health and wellness programs designed to meet the needs of the various age and other groups within Lake Arrowhead and the surrounding community
- Artistic and cultural programs and activities
- Sponsorship of recreational leagues and activities within the community
- Make a significant contribution to the quality of the environment through education, support and preservation programs
- Maintain and operate property for the benefit of the Foundation to tie the Founder's development into the greater Cherokee County area.

1.3 Conflicts.

If there are conflicts between any provision of this Charter and Georgia or federal law, Georgia or federal law shall control, as applicable. If there are conflicts between or among this Charter, the Articles of Incorporation of the Lake Arrowhead Community Foundation, Inc. (as may be amended, the "**Articles of Incorporation**") and the Bylaws of the Lake Arrowhead Community Foundation, Inc. (as may be amended, the "**Bylaws**") (attached hereto as Exhibit "C"), then the Charter, the Articles, and the Bylaws (in that order) shall control (collectively referred to as the "**Foundation Documents**").

If any court determines that any provision of this Charter is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

1.4 Definitions.

Capitalized terms used in this Charter have the meaning described in the paragraph where they first appear in bold print. An index of defined terms may be found at the end of this Charter. All other terms used in this Charter have their natural, commonly accepted definitions. Any capitalized terms that are not in bold print shall have the meaning set forth for them in the Bylaws or the Charter.

A parcel of land subject to the Charter, which is depicted as a separate lot on a recorded subdivision plat or survey and which may be independently owned and conveyed, is referred to as a "**Lot**." The term Lot shall not include the common property or common elements of any owners association or property dedicated to the public.

Each individual, a corporation, a partnership, a limited liability company, or any other legal entity ("**Person**" or "**Persons**") that holds record title to a Lot is referred to in this Charter as an "**Owner**."

ARTICLE 2

Governance Scaled for the Foundation

2.1 The Foundation Powers.

The Foundation shall have such express or implied powers as are reasonably necessary to create and provide those activities, services, and programs for the common good and general welfare of Lake Arrowhead and Cherokee County, Georgia in furtherance of its mission as set forth in Section 1.2. The Foundation will act consistently with the Foundation Documents, and Georgia law to achieve the mission and goals of the Foundation as set forth herein to realize the vision of community and environmental preservation and conservation.

2.2 The Foundation's Activities.

The Foundation shall organize, fund, and administer those activities, services, and programs necessary, desirable, and appropriate to fulfill its mission. Activities, services, and programs that the Foundation *may* provide, include, but are not limited to, the following:

- (a) operation, preservation, conservation, and maintenance of natural areas, open space, wildlife preserves, greenspace areas or similar conservation areas, and sponsorship of environmental and educational programs and activities that contribute to the overall understanding, appreciation, and preservation of the natural environment within Lake Arrowhead and Cherokee County, (*e.g.*, community-wide recycling, nature center, tree planting, community gardens, alternative energy sources, water reclamation);
- (b) education and special interest programs;
- (c) environmental programs and research opportunities;
- (d) volunteer organizations and activities;
- (e) operation and preservation of parks and recreational areas;
- (f) strategic partnerships among local schools or public entities (*e.g.*, library or local school system);
- (g) cultural and artistic programs and activities; and
- (h) other services, activities, and programs that advance the Foundation's mission.

The Foundation may contract with other entities, including the Founder and any other organization, to provide activities, services, programs, and the necessary facilities to accomplish the mission. The Foundation may also coordinate partnerships with local schools or corporate sponsors for the purpose of organizing or facilitating the above community-building endeavors.

2.3 Funding of the Foundation.

(a) **Budget.** At least 90 days before the beginning of each fiscal year, the Foundation shall prepare a budget of the estimated expenses necessary to facilitate or provide activities, services, and programs; to operate, maintain, and insure the Area of Foundation Responsibility (as defined in Section 4.1); and to perform other activities as authorized in this Charter ("**Foundation Expenses**") for the coming year.

The budget shall reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, and any income anticipated to be generated through means authorized by this Charter (e.g., assessments, fees levied upon certain real property transfers for the benefit of the Foundation and other designated Persons, also known as "**Foundation Service Fees**" use and consumption fees, subsidies, etc.).

(b) Foundation Service Fees.

(i) **Authority.** The Foundation has the authority to establish and collect a Foundation Service Fee from the transferring Owner upon each transfer of title to real property subject to this Charter unless the transfer is exempt. The fee will be payable at the closing of the transfer and will constitute an assessment against the property being transferred, which is secured by the Foundation's lien as provided in Section 2.3(j).

(ii) **Amount of Fee.** The amount and method of calculating any Foundation Service Fee shall be determined by the Foundation during the annual budget approval process. The fee may be based upon a sliding scale, which varies according to the gross selling price of the property, the permitted use of the property, or such other factors, as the Foundation deems appropriate.

The amount of any such fee for residential property, including, but not limited to any townhome or condominium unit, shall not exceed one-quarter of one percent (.025%) of the gross sales price of the real property transferred, or in the case of an exchange or a transfer other than a sale at fair market value, one-quarter of one percent (.025%) of the appraised value of the real property being transferred or exchanged, as determined by the local authority for real estate *ad valorem* tax purposes. The amount of any such fee for non-residential property shall be calculated as \$2000.00 per acre or any portion thereof of the real property transferred or exchanged. For purposes of this Section, the "gross sales price" means the total amount paid by the purchaser for the real property. No other modifications or alterations to the Foundation Service Fee shall be permitted.

(iii) **Purpose of Fee.** All Foundation Service Fees created pursuant to this Charter shall be used exclusively for purposes consistent with the Foundation's mission as set forth in Section 2.2 and with the purposes for which the Foundation was created.

(iv) **Exempt Transfers.** No Foundation Service Fee shall be levied upon transfer of title to property:

(A) by or to the Founder;

) (B) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;

(C) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership interest in such entity, the Foundation Service Fee shall become due;

(D) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage; or

(E) under circumstances the Board, in its discretion, deems to warrant classification as an exempt transfer (*e.g.*, a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Foundation Service Fee).

In addition, the Founder and/or the Foundation may grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Charter for purposes listed in Section 501(c).

The classification of any transfer as exempt shall not be deemed a waiver of the Foundation's right to collect a Foundation Service Fee on future title transfers under similar circumstances.

) (c) **Statement of Account.** Upon written request of the Owner or prospective purchaser of, or the holder or prospective holder of a mortgage on, any Lot, the Foundation shall issue a written statement setting forth the amount of any unpaid Foundation Service Fee or other authorized charge and the amount of any Foundation Service Fee due upon a transfer of title to the Lot that occurs within 30 days of the date of such statement. Such statement shall be delivered personally or by certified mail, first-class postage prepaid, return receipt requested to the Foundation's registered agent or designee,

The Foundation may require the payment of a reasonable processing fee for issuance of such statement. Such statement shall be binding upon the Foundation as to persons who rely on the statement in good faith. If a written request for a statement of account is not processed within 14 days after the Foundation's receipt of the request, all amounts that became due before the date of such request shall be subordinate to the lien of any institutional holder of a first mortgage on the Lot that acquired its interest after requesting such statement.

) (d) **Use and Consumption Fees.** The Foundation may provide services or facilities or may contract with any Person to provide services or facilities to Lake Arrowhead. The Foundation shall have the authority to charge use and consumption fees to any Person who uses its services or facilities regardless of whether such Person owns Property within Lake Arrowhead, for the services or facilities provided. The Foundation shall have the sole discretion to establish the amount and method of determining use or consumption fees. The Foundation may charge lower use and consumption fees to Owners than to non-Owners.

) (e) **Trust or Endowment.** The Foundation may establish or cooperate with an educational trust to assist schools established within or serving the residents of Cherokee County, Georgia ("**Cherokee County**"), a land trust or preservation organization organized for the protection and preservation of the environment and natural resources surrounding Lake Arrowhead or any other nonprofit organization designed to benefit the greater community. The Foundation may solicit and collect charitable donations from the public, stakeholders, or corporate sponsors to fund the trusts and their missions.

(f) **Grants.** The Foundation may also seek to qualify for local, state, or federal grants.

(g) **Contributions and Sponsorships.** The Foundation may solicit financial support from the public, Owners, or corporate sponsors to further its mission and activities. The Founder may, but shall not be obligated to, make contributions or commit funding to subsidize the Foundation's activities; however, payment of a contribution or subsidy in any year shall not obligate the Founder to continue such payment in future years.

(h) **Obligation for Payment.** No Person subject to the Foundation Service Fee or any other charges authorized under this Charter is exempt from liability for payment because they do not use services, programs, property, facilities, or for any other reason. The obligation to pay is a separate and independent Charter, and payments may not be reduced or set-off due to an alleged failure of the Foundation to take some action or perform a certain function or from acting in a certain manner.

) (i) **Lien Rights.** The Foundation has a lien against each Lot to secure payment of delinquent Foundation Service Fees and charges levied against that Lot as well as interest on the past due amount, late charges, and costs of collection (including attorneys fees). The Foundation's lien is superior to all other liens, except (i) the liens of all taxes, bonds, assessments, and other levies that by law would be superior; (ii) the lien or charge of any recorded first mortgage (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value; and (iii) the lien for any homeowners' association's assessments whose members are subject to the Charter.

The Foundation's lien may be enforced by suit, judgment, and judicial or nonjudicial foreclosure. Although no further action is required to create or perfect the lien, the Foundation may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Foundation at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Foundation to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

The Foundation may bid at any foreclosure sale and acquire, hold, lease, mortgage, and convey such property. The Foundation may sue for unpaid fees and other charges authorized in this Charter without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

) The sale or transfer of any Lot does not affect the lien or relieve such property from the lien for any subsequent Foundation Service Fee. However, sale or transfer pursuant to foreclosure of the first mortgage will extinguish the lien as to any Foundation Service Fee due prior to the mortgagee's foreclosure. An Owner acquiring property through foreclosure of a first mortgage will be personally liable for its portion of the Foundation Service Fee as set forth in Section 2.3(b)(i).

ARTICLE 3

Connections and Community

3.1 Owner Participation.

Owners and occupants within Lake Arrowhead, along with the residents of the greater Cherokee County area, are essential to a connected community life and community success. As such, the Founder views each resident as an integral part of the Foundation's success and achievement of its goals. Owners are encouraged to participate, at their discretion and level of interest, in events, continuing education, and volunteer opportunities, and the Foundation is encouraged to provide or provide for opportunities for owners and occupants to participate.

3.2 The Cherokee County Community.

) *As "no man is an island alone unto himself," neither is a successful community. The Foundation is an integral part of Cherokee County and shall not be closed off to neighboring residents.*

) Interacting with the greater Cherokee County community is an important part of the Foundation's purpose, as the Foundation is uniquely able to connect the residents within Cherokee County with the Owners. To achieve this goal, the Foundation shall work with local government and civic groups to promote or address the Foundation's programs. This interaction will foster contributions of time and energy that will benefit the entire community and enrich the lives of everyone who lives, works, or recreates in Cherokee County.

3.3 Cherokee County Government.

In its sole discretion, the Foundation is authorized to cooperate with Cherokee County, regarding appropriate and relevant matters. The Foundation shall have the sole authority to determine whether such a liaison exists and, if so, to the extent, limitations upon, and purpose of the relationship. In addition, the Foundation shall promulgate and implement a process for and shall appoint a staff member who serves as a single point of contact for members of the public and Cherokee County for all purposes.

3.4 Tax-Exempt Organizations.

) The Foundation may create, enter into agreements or contracts with or grant exclusive and/or non-exclusive easements over the Area of Foundation Responsibility to non-profit, tax-exempt organizations, the operation of which confers some benefit upon the property, the Foundation or the Owners. The Foundation may contribute money, real or personal property, or services to such entity or entities.

3.5 Environmental Protection.

The Foundation shall have the right to enter into agreements with organizations for the purpose of observing, maintaining or preserving environmentally sensitive areas located within Lake Arrowhead and monitoring or conducting such natural resource, habitat preservation or other environmental programs or plans which may be implemented by the Foundation. Organizations designated by the Foundation shall have the right to enter Lake Arrowhead to perform environmental activities subject to reasonable time, place and manner restrictions adopted by the Foundation.

3.6 Relationships with Other Public or Private Entities.

The Foundation may enter into cooperative agreements with public or private entities for the use of facilities, sharing of services and costs and development of programs and procedures for the benefit of Lake Arrowhead and Cherokee County. The use of Foundation funds for such purposes is specifically authorized.

In addition, through its computer bulletin boards and publications, the Foundation may assist charter clubs (as defined herein), community groups, religious groups, civic groups, youth organizations, support groups and similar organizations in publicizing their meetings, events and need for volunteer assistance. The nature and extent of any such assistance shall be in the Foundation's sole discretion.

ARTICLE 4 Foundation Goals and Programs

4.1 Ownership and Maintenance of Property.

The Foundation may own and maintain real property ("**Area of Foundation Responsibility**") subject to the Foundation's rights and duties and to any terms, conditions, Charter, or restrictions set forth in the instrument conveying such property to the Foundation. The Foundation may enact reasonable rules and regulations governing or restricting access, use, and enjoyment of the Area of Foundation Responsibility, and every Owner and each property owners association for property subject to the Charter shall comply with such rules and regulations.

In addition, the Founder or the Foundation may grant exclusive and/or non-exclusive easements over any portion of the Area of Foundation Responsibility it owns to nonprofit organizations, the operation of which confers some benefit to the surrounding community.

4.2 Conveyance of Property by the Founder.

At any time the Founder owns any property described in Exhibit "A" or "B," the Founder may convey to the Foundation, or assign the Foundation maintenance responsibility for, improved or unimproved real estate located within Lake Arrowhead or Cherokee County; personal property; and leasehold or other property interests. The Foundation shall accept, maintain, operate, and manage such property as part of the Area of Foundation Responsibility.

) The Foundation also shall perform, as a Foundation Expense, such obligations and responsibilities with respect to such property as the Founder may assign in writing.

In recognition of the fact that the Founder conveys real property to the Foundation at no cost to the Foundation, if conveyed in error or needed to make minor adjustments in property lines, the Founder, for so long as it owns property described in Exhibit "A" or "B," may unilaterally amend this Charter to withdraw property from its coverage and may require the Foundation to reconvey unimproved real property to the Founder or to other Persons.

4.3 Conveyance of Property from Other Persons.

Under negotiated terms, the Foundation may acquire and maintain improved or unimproved real estate, personal property, easements, and leasehold or other property interests from other persons.

4.4 Dedication of the Area of Foundation Responsibility.

Subject to the approval of and acceptance by such entity, the Foundation may dedicate, lease, grant easements in, or convey portions of any real property it owns to any local, state, or federal governmental or quasi-governmental entity, provided the Foundation's Board has determined, in their reasonable discretion, that such entity has the funding source and commitment properly to maintain the dedicated property.

4.5 Easements Reserved to the Founder.

) There is hereby reserved to the Founder and granted to its duly authorized agents, representatives, successors, assigns, licensees, and mortgagees, a perpetual, non-exclusive easement over property the Foundation owns for the use, access, and development of property owned by the Founder or any affiliate of the Founder. This easement includes, but is not limited to, a right of ingress and egress over such property for construction of roads and for tying in and installation of utilities on such property. The Founder also reserves for itself the non-exclusive right and power to grant and record specific easements as may be necessary, in the Founder's sole discretion, in connection with the orderly development of the property.

4.6 Facilities and Services Open to the Public.

Any facilities or areas the Foundation owns or for which it has responsibility may be made available for use and enjoyment of the public. Such facilities and areas may include, by way of example: trails and paths, greenbelts, open space, parks, and other spots conducive to gathering and interaction. The Founder may designate such facilities and areas as open to the public at the time the Founder makes such facilities and areas a part of the Area of Foundation Responsibility, or the Board of the Foundation may do so thereafter.

4.7 Recycling/Water Conservation Programs.

) The Foundation may establish a recycling program and recycling center, and, in such event, all Owners and occupants of Lots shall support such program by recycling, to the extent reasonably practical, all materials which the recycling program or center is set up to

) accommodate. The Foundation may, but shall have no obligation to purchase recyclable materials in order to encourage participation, and any income received as a result of such recycling efforts shall be used to defray the costs of additional programs of the Foundation. In addition, the Foundation may develop and implement various programs and practices for promoting water conservation and wastewater, rainwater and other management activities.

4.8 Volunteer Clearinghouse; Charter Clubs.

The Foundation may encourage and facilitate the organization of volunteer organizations within Lake Arrowhead which will serve the interests of the Owners. The Foundation is specifically authorized to maintain a data bank of Owners interested in volunteering and may make such data available to volunteer organizations. In addition, the Foundation, acting by resolution, may establish or support the establishment of Owner organizations, as it deems appropriate to encourage or facilitate the gathering of Owners to pursue common interests or hobbies. Such organizations may, but need not, include "charter clubs." The Foundation may, from time to time, grant charters to groups of individuals who share a particular field of interest. The charter shall confer privileges and impose responsibilities on such charter clubs. Such privileges may include, without limitation, financial support, material support, facility use privileges, either with or without charge, priority for facility use, administrative or technical support, and liability insurance coverage. Owners who are interested in establishing a charter club may petition for a charter from the Foundation. The Foundation may, in its sole discretion, grant or deny charter status to any such petitions.

) All charter clubs shall be established by resolution of the Foundation. The resolution establishing such club shall designate the requirements, if any, for membership therein and shall set forth (a) the purposes for which such charter club is established; (b) the privileges granted by the Foundation to the charter club; and (c) the rules and regulations of such charter club. The Foundation may provide for a charter club to be funded by the Foundation subject to such rules regarding participation, area of interest or otherwise which the Foundation, in its discretion, may establish. Each charter club shall operate in accordance with the terms of the resolution establishing such charter club.

4.9 Educational Activities.

The Foundation is specifically empowered to develop and provide educational programs for the benefit of the owners and occupants of Lake Arrowhead and others in the surrounding community. The Foundation shall have the power to cooperate, interact, and enter into agreements with other entities, including, without limitation, school systems and other governmental authorities and agencies; quasi-governmental agencies; community associations, tax-exempt and other private entities; and educational institutions, including primary, secondary, community college, and university institutions, in order to provide educational programs. The Foundation may implement and maintain programs, including, without limitation, home owner instruction programs, an "after school program," and a cooperative program with the local school system. The Foundation shall be permitted to modify or cancel existing education programs which it sponsors or to provide or participate in additional programs. Nothing contained herein is a representation as to what educational programs the Foundation will or will not provide or in

) which the Foundation will or will not participate. The Foundation may provide for such programs or participate in such programs to be funded by the Foundation.

4.10 Health and Wellness Programs.

The Foundation is specifically empowered to implement health and wellness programs for the benefit of the owners and occupants of Lake Arrowhead and others in the surrounding community. The Board is authorized to provide services for both the mental and physical health of such persons, including, without limitation, health education and screening programs. The Foundation also shall have the power to interact with and enter into agreements with other entities for the provision of services related to health and wellness.

The Foundation shall be permitted to modify or cancel existing health or wellness programs which it sponsors or in which it participates or to provide or participate in additional programs. Nothing contained herein is a representation as to what health or wellness programs the Foundation will or will not provide or in which the Foundation will or will not participate. The Foundation may provide for such programs or participation in such programs to be funded by the Foundation. In addition to Common Expenses charges, the Foundation may charge additional use and consumption fees for selected services and facilities. Nothing contained herein is a representation as to what services will or will not be provided.

4.11 Transportation Management.

) The Foundation shall be authorized to establish and implement programs, services and activities designed to address transportation issues within Lake Arrowhead and the surrounding community. Such authority may include, but need not be limited to organization and promotion of such activities as van pools, ridesharing, and the use of bicycle and pedestrian trails and paths. The Foundation may establish committees, create subsidiary entities (including, but not limited to, entities formed pursuant to Section 501(c)(3) of the Internal Revenue Code), or contract with third parties for the operation and administration of such activities.

The Foundation may pursue funding or transit subsidies for the operation and promotion of the system, coordinating and promoting use of public transportation and transit services, sponsoring and promoting programs and activities designed to reduce vehicular traffic and to promote ridesharing and transit usage by Owners and the general public within and outside of Lake Arrowhead and performing related activities.

The costs of operating and maintaining any transportation system shall be funded by the Foundation provided, the Foundation also may charge user fees for the use of any component of the transportation system and seek subsidies or contributions from private or public sources to reduce the costs which must otherwise be paid through the collection of transfer fees.

4.12 Board Training.

) The Foundation may provide training for the members of the Board. Such training may include, but not be limited to, classes, training sessions and workshops. The training shall focus on leadership, operation of nonprofit corporations, and other subjects deemed appropriate or necessary to assist the members of the Board in fulfilling their duties and to increase their ability

) to govern more effectively. To this end, the Board may engage the services of such consultants and other professional to provide such training, or may enroll members of the Board in courses or classes offered by other education providers that offer such training as part of their curriculum.

ARTICLE 5

Foundation Governance

5.1 The Charter's Reach.

The Founder and each of the undersigned "**Initial Owners**" identified on the signature pages of this Charter, by executing and recording this Charter, declare that this Charter and the rights and duties contained herein shall apply to the property described in Exhibit "A" and any additional property made subject to this Charter in the future by amendment or Supplement, as provided in Section 3.5. Through the filing of a Supplement, additional property may be subjected to the Charter and the Foundation signifying the property owners' desire to further the programs and goals of the Foundation.

This Charter shall run with the title to the property described in Exhibit "A," binding not only the Founder, its successors and assigns, but also future Owners of any portion of the property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of such property. This Charter shall also be binding upon the Foundation.

5.2 Expansion of the Charter's Reach.

) So long as the Foundation's mission is maintained, the Foundation, subject to the Founder's approval, may submit additional property to this Charter by recording a Supplement. The Supplement must be executed by the owner(s) of the property being submitted and by or on behalf of the Founder, so long as the Founder or a Founder Affiliate owns or has any right in the property described in Exhibit "A" or "B." In addition, the owner of the property being submitted shall make a Foundation Contribution as determined by the Founder.

The expansion of the Charter's reach shall be subject to the Founder's approval to ensure the Foundation's programs and goals will be enriched by the property and the owners of the property being submitted.

5.3 Dispute Resolution.

(a) **Bound Parties.** The Founder; the Foundation and its officers, directors, and committee members; and each Owner (collectively, "**Bound Parties**") agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes among and between the Foundation or any Owner and without the emotional and financial costs of litigation. Accordingly, each of the foregoing Bound Parties agrees not to file suit in any court with respect to a Claim described in Section 5.3(b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 5.3(d) in a good faith effort to resolve such Claim.

(b) **Claims.** As used in this section, the term "**Claim**" shall refer to any claim, grievance, or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the Foundation Documents; or

(ii) the rights, obligations, and duties of any Bound Party under the Foundation Documents.

(c) **Exceptions.** The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 5.3(d):

(i) any suit by the Foundation to collect Foundation Service Fees or other amounts due from any Owner;

(ii) any suit by the Foundation to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Foundation's ability to promote and protect the Area of Foundation Responsibility (as defined in Section 4.1);

(iii) any suit that does not include the Founder or the Foundation as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Foundation Documents;

(iv) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 5.3(d)(i), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Section.

(d) **Dispute Resolution Procedures.**

(i) **Notice.** The Bound Party asserting a Claim ("**Claimant**") against another Bound Party ("**Respondent**") shall give written notice ("**Notice**") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

(A) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(B) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(C) the Claimant's proposed resolution or remedy; and

(D) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

) (ii) **Negotiation.** The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(iii) **Mediation.** If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Foundation (if the Foundation is not a party to the Claim) or to an independent agency providing dispute resolution services in the greater Atlanta area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall pay an equal share of the mediator's fees.

) (iv) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys fees and court costs.

5.4 Additional Charters and Easements.

Additional Charters and easements may be recorded by the Foundation on the property described in a written instrument, such as Charters creating property restrictions and assessments in favor of the Foundation. Such provisions may be included in a separate instrument applicable to all or a portion of property previously submitted to this Charter. If someone other than the Foundation owns the property, then the instrument must be signed by such owner evidencing such owner's consent.

5.5 Amendments to this Charter.

) The Founder may amend this Charter unilaterally for any purpose for a period of 30 years from the recording of the Charter.

) In addition, the Founder may amend this Charter unilaterally at any time if such amendment is necessary to (a) bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) enable any reputable title insurance company to issue title insurance coverage on any portion of the property subject to this Charter; (c) permit any institutional or governmental lender, purchaser, guarantor, or insurer of mortgage loans to make, purchase, guarantee, or insure mortgage loans; or (d) satisfy the requirements of any local, state, or federal governmental agency.

In addition, except as otherwise specifically provided herein, this Charter may be amended upon the affirmative vote or written consent, or any combination thereof, of at least 75% of the Foundation's board or directors, with the Founder's consent so long as the Founder or a Founder Affiliate owns any property described in Exhibit "A" or "B."

Amendments to this Charter are effective upon recordation unless a later effective date is specified. Any procedural challenge to an amendment must be made within six months of its recordation. In no event shall a change of conditions or circumstances operate to amend any provision of this Charter.

5.6 The Charter's Duration.

) (a) Unless terminated in the manner as provided below, this Charter shall have perpetual duration. If Georgia law limits the period during which Charters may run with the land, then to the extent consistent with such law, this Charter shall automatically be extended at the expiration of such period for successive 10-year periods, unless terminated as provided below.

(b) This Charter may not be terminated except by a recorded instrument approved by the Foundation's Board; provided, the Founder's consent also is required for so long as the Founder or a Founder Affiliate owns property described in Exhibit "A" or "B." Any such instrument shall set forth the intent to terminate this Charter.

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EXHIBIT "A"

Land Initially Submitted

All that land referenced in that certain Final Plat for Lake Arrowhead Subdivision Phase II, Unit 1, located in Land Lots 230, 231, 238 and 239, 22nd District, 2nd Section, Cherokee County, Georgia, dated October 5, 2007, as recorded in Plat Book 100, Page 71, Cherokee County, Georgia Records;

and that certain property as described herein as:

All that land referenced in that certain Final Plat for Lake Arrowhead Subdivision Phase II, Unit 2, located in Land Lots 230, 231, 238 and 239, 22nd District, 2nd Section, Cherokee County, Georgia, dated October 16, 2007, as recorded in Plat Book 99, Page 163, and as amended and re-recorded in Plat Book 100, Page 57, Cherokee County, Georgia Records;

and that certain property as described herein as:

All that land referenced in that certain Final Plat for Lake Arrowhead Phase II, Unit 3, located in Land Lots 240 and 265, 22nd District, 2nd Section, Cherokee County, Georgia, dated November 26, 2007, as recorded in Plat Book 100, Page 151, Cherokee County, Georgia Records.

EXHIBIT "B"

Additional Property

All that tract or parcel of land situate, lying and being in Land Lots 202, 203, 204, 205, 228, 229, 230, 231, 238, 239, 240, 241, 264, 265 and 266 of the 22nd District of the 2nd Section of Cherokee County, Georgia, known and designated as Tracts 3, 10 through 12, and 14 through 16 according to a plat of survey titled "Purcell, Co. Inc & Bank of Woodstock & First American Title Insurance Co." dated June 30, 2006, said survey by Christopher A. Evans, Registered Land Surveyor 2784 and by Mark A. Whitmore, Registered Land Surveyor No. 2529. Said survey is attached hereto and incorporated herein by this reference.

Note to Clerk and Title Examiners:

This Declaration is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner of the applicable property by filing a Supplemental Declaration in accordance with Article 5.

Upon recording return to:
Dyer & Rusbridge, P.C.
291 East Main Street
Canton, GA 30114

Deed Book **11092 Pg 251**
Filed and Recorded 8/4/2010 1:06:16 PM
28-2010-020331

Patty Baker
Clerk of Superior Court Cherokee Cty, GA

Cross Reference:
Deed Book 10123, Page 144

**SUPPLEMENT TO CHARTER FOR LAKE ARROWHEAD
COMMUNITY FOUNDATION, INC.**

THIS SUPPLEMENT TO CHARTER FOR LAKE ARROWHEAD COMMUNITY FOUNDATION, INC. (hereinafter referred to as the "Supplement") is made this 28th day of July, 2010, by LAKE ARROWHEAD COMMUNITIES, LLC, a Georgia limited liability company (hereinafter referred to as "Founder").

WITNESSETH:

WHEREAS, Founder recorded that certain Charter for Lake Arrowhead Foundation, Inc. dated March 12, 2008 in Deed Book 10123, Page 144, Cherokee County, Georgia Records ("Charter"); and

WHEREAS, pursuant to the provisions of Article 5 of the Charter, the Founder may submit additional property to the Charter by recording this Supplement describing the property to be submitted; and

WHEREAS, Founder is the owner of the real property described in Exhibit "A" attached hereto ("Additional Property") and desires to submit the Additional Property to the Charter;

NOW, THEREFORE, the Founder hereby submits the Additional Property to the provisions of the Charter.

[Signatures Contained on the Following Page]

IN WITNESS WHEREOF, the undersigned has executed this Supplement the date and year first written above.

Declarant:

LAKE ARROWHEAD COMMUNITIES, LLC,
a Georgia limited liability company

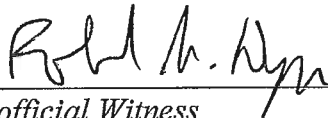
By: JV VENTURES, LLC,
a Georgia limited liability company,
its Manager

By: 

Name: THOMAS L. ELSBERRY

Title: Vice President

Signed, sealed and delivered in
the presence of:


Unofficial Witness

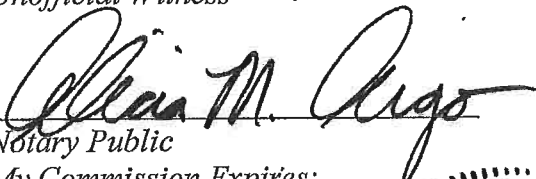

Notary Public
My Commission Expires:



EXHIBIT "A"

ADDITIONAL PROPERTY

All that tract or parcel of land lying and being in Land Lot 201 of the 22nd District, 2nd Section of Cherokee County, Georgia and being Phase II, Unit 4 of Lake Arrowhead as shown on the Final Plat recorded in Plat Book 103, Pages 160-161, Cherokee County, Georgia Records

All that tract or parcel of land lying and being in Land Lot 201 of the 22nd District, 2nd Section of Cherokee County, Georgia and being Phase II, Unit 5 of Lake Arrowhead as shown on the Final Plat recorded in Plat Book 105, Pages 55-57, Cherokee County, Georgia Records

All that tract or parcel of land lying and being in Land Lots 237, 238 and 268 of the 22nd District, 2nd Section of Cherokee County, Georgia and being Phase II, Unit 6 of Lake Arrowhead as shown on the Final Plat recorded in Plat Book 105, Pages 148, Cherokee County, Georgia Records

EXHIBIT "C"

Bylaws of the Lake Arrowhead Community Foundation, Inc.

BYLAWS
OF
LAKE ARROWHEAD COMMUNITY FOUNDATION, INC.

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**BYLAWS
OF
LAKE ARROWHEAD COMMUNITY FOUNDATION, INC.**

Article 1

Name, Principal Office, and Definition

1.1. Name

The name of the corporation shall be the Lake Arrowhead Community Foundation, Inc. (the "Foundation").

1.2. Principal Office

The Foundation's principal office shall be located in Cherokee County, Georgia. It may have such other offices, either within or outside Cherokee County, as its Board of Directors may determine, or as its affairs may require.

1.3. Definitions

The words used in these Bylaws shall have their normal, commonly understood definitions unless otherwise specified. Unless the context indicates otherwise, capitalized terms shall have the same meaning as set forth in the Charter for the Lake Arrowhead Community Foundation, Inc. ("Charter") recorded in the official records of Cherokee County.

Article 2

The Foundation's Mission, Objectives, and Purposes

2.1. Mission

Founder intends to develop Lake Arrowhead as a cohesive community accommodating a mix of residential and other land uses and activities to create a sense of community and to provide ways and means for the residents of the Lake Arrowhead to be involved in their neighborhood and the greater Cherokee County community around them. The mission of the Foundation is to perpetuate a sense of community life and spirit and to be responsible for and involved in the activities which contribute positively to the residents and to the region of which it is a part.

2.2. Purpose and Objectives

The Foundation is organized for such purposes as are set forth in its Articles of Incorporation and in the Charter.

The Foundation has been formed for charitable purposes and it shall be non-profit and non-partisan. No substantial part of the activities of the Foundation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Foundation shall not participate or intervene in any political campaign on behalf of any candidate for public office. The Foundation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the charitable and public purposes described in its Articles of Incorporation.

Article 3

Dedication of Assets

The properties and assets of the Foundation are irrevocably dedicated to public benefit and/or charitable purposes. No part of the net earnings, properties, or assets of the Foundation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any Director or Officer of the Foundation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Foundation shall be distributed to a substitute non-profit organization pursuant to the Georgia Nonprofit Corporations Code.

Article 4

Directors: Number, Meetings, Powers

A. Composition and Selection

4.1. Governing Body; Number of Directors

The Foundation shall have no members. The affairs of the Foundation shall be governed by a board of directors (the "Board"), which shall be elected pursuant to this Article. The Foundation shall manage the Foundation's affairs in accordance with these Bylaws and the Charter.

The initial Directors shall consist of the three individuals (each a "Director") identified in the Articles of Incorporation. Each Director shall have one equal vote. There shall be at least three and no more than seven Directors. The Directors shall be appointed as described in Section 4.3.

4.2. Qualification of Directors

Any person 18 years of age or older may be nominated or elected to serve as a Director. Directors need not be residents of the State of Georgia. The Board may establish training requirements for Directors to complete prior to commencing service on the Board.

4.3. Selection of Directors; Term of Office

The terms of the initial Directors shall be staggered, with two of the initial Directors serving three-year terms and one of the initial Directors serving a two-year term, as they among themselves determine. Thereafter, upon the termination of the term of office of any Director, the Founder shall appoint a successor to serve a two-year term. The Founder shall retain the right to appoint the Directors until such time as the Founder, by a written instrument, assigns such right to the Board. Upon such assignment the successor Directors shall be elected by a majority vote of the current Directors to serve a two-year term. Directors may be elected to serve any number of consecutive terms.

4.4. Resignation and Removal of Directors; Vacancies

Any Director may resign at any time by giving written notice to the Directors, the President, or the Secretary. Such resignation shall take effect on the date such notice is received or at a later time specified in the notice. Acceptance of such resignation shall not be necessary to make it effective. No Director may resign when the Foundation would then be left without a duly elected Director in charge of its affairs.

) Any Director who does not attend three successive Board meetings will automatically be removed from the Board without Board resolution unless one of the following circumstances applies:

(a) The Director requests a leave of absence for a limited period of time, and the leave is approved by the Board at a regular or special meeting. If such a leave is granted, the number of Directors will be reduced by one in determining whether a quorum is present.

(b) The Director suffers from an illness or disability which prevents him or her from attending meetings and the Board by resolution waives the automatic removal procedure set forth herein.

(c) The Board, by resolution of the majority of Directors, agrees to reinstate the Director who has missed three meetings.

Any Director may be removed, with or without cause, and any vacancy may be filled for the unexpired portion of the term of a Director who has been removed or vacated such position, upon a majority vote of the other Directors.

A vacancy on the Board shall be deemed to exist at the occurrence of any of the following:

(i) The death, resignation, or removal of any Director;

(ii) The declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of the court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under the Georgia nonprofit corporation law; or

(iii) The failure of the Board, at any meeting of the Board at which any Director is to be elected, to elect the Director to be elected at such meeting.

B. Meetings

4.5. Organizational Meetings

The first meeting of the Directors shall be held within 90 days following the date the Articles of Incorporation are filed with the Georgia Secretary of State at such time and place as the Directors shall fix.

4.6. Regular Meetings

Regular Directors meetings may be held at such time and place as a majority of the Directors determine from time to time; however, at least four meetings shall be held during each fiscal year with at least one meeting each fiscal quarter.

4.7. Special Meetings

When called by written notice signed by the President, Vice President, or any two Directors, the Directors shall hold a special meeting. The Secretary shall prepare and distribute written notice of any special meetings specifying the time and place of the meeting and the nature of any special business to be considered.

4.8. Quorum of Directors

At all Directors' meetings, a majority of the Directors shall constitute a quorum for transacting business. Votes of a majority of the Directors present shall constitute the Directors' decision. If a quorum is present, the Directors may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any Directors meeting cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business that could have been transacted at the originally called meeting may be transacted without further notice.

4.9. Compensation

Directors shall not receive any compensation for acting as such unless a majority of the Directors consents in writing. A Director may receive reimbursement for expenses incurred on the Foundation's behalf upon approval of a majority of the other Directors, excluding the Director whose compensation is in question.

4.10. Conduct of Meetings

The President shall preside over all Directors meetings, and the Secretary shall keep a minute book of Directors meetings, recording all Directors resolutions and all transactions and proceedings occurring at such meetings.

The President may adjourn any Directors meeting and reconvene in executive session, and may exclude persons other than Directors, for consideration of one or more of the following topics:

- (a) employment or personnel matters for employees of the Foundation;
- (b) legal advice from an attorney for the Directors or the Foundation;
- (c) pending or contemplated litigation; and/or

(d) pending or contemplated matters relating to enforcement of Lake Arrowhead's governing documents.

4.11. Action Without a Formal Meeting

Any action taken or which may be taken at a Directors meeting may be taken without a meeting if all Directors sign a consent setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

4.12. Electronic Participation

One or more Directors may participate in and vote during any regular or special Directors meeting by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those Directors so participating shall be deemed present at such meeting for all purposes including determining a quorum.

4.13. Open Meetings

Subject to Sections 4.11 and 4.12, Board meetings may be open to persons other than Directors. Attendees other than Directors may not participate in any discussion or deliberation unless a Director requests permission for the attendee to speak and the President grants such request. In such case, the President may limit the time any individual may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session as set forth in Section 4.10.

C. Powers and Duties

4.14. Powers

(a) **General Corporate Powers.** The business and affairs of the Foundation shall be managed, and all corporate powers shall be exercised by or under the direction of the Board. The Directors shall have all the powers that Georgia law provides for nonprofit corporations and those necessary to administer the Foundation's affairs and to perform the Foundation's responsibilities and to exercise its rights as set forth in these Bylaws, the Charter, and the Articles of Incorporation.

(b) **Specific Powers.** Without prejudice to their general powers, the Directors shall have the power to:

(i) Select and remove the Officers of the Foundation; prescribe any powers and duties for them that are consistent with the law, with the Articles of Incorporation, and with these Bylaws; and fix their compensation, if any;

(ii) Change the principal executive office or the principal business office from one location to another; cause the Foundation to be qualified to do business in any other state, territory, dependency, or country, and conduct business within or outside the State of Georgia; and designate any place within or outside the State of Georgia for the holding of any meeting;

(iii) Adopt, make, and use a corporate seal and alter the form of the seal;

(iv) Borrow money and incur indebtedness on behalf of the Foundation and cause to be executed and delivered for the Foundation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities;

(v) provide for activities, services, and programs designed to further the Foundation's mission and purposes as set forth in these Bylaws; and

(vi) enforce the provisions of these Bylaws, the Charter, and the Articles of Incorporation and the rules and regulations of the Foundation, and bring any proceedings concerning the Foundation.

4.15. Duties

The Directors' duties shall include those imposed by law, as set forth in the Charter, and, without limitation:

(a) overseeing the preparation of and adopting annual budgets for the Foundation expenses;

(b) levying Foundation Service Fees or other assessments for the Foundation expenses, and establishing the means and method of collecting such payments as set forth in these Bylaws, the Charter, and the Articles of Incorporation;

(c) making available to any owner, mortgagee, or prospective purchaser of property in Lake Arrowhead, copies of these Bylaws, the Charter, and the Articles of Incorporation. The Directors may establish and charge fees to cover such printing and mailing costs; and

(d) cooperating with the Lake Arrowhead Property Owners Association ("LAPOA") and the Lake Arrowhead Phase II Property Owners Association, Inc. ("Association") and fulfilling their responsibilities, if any, under the Charter.

4.16. Management

The Board may employ for the Foundation a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings; provided, the managing agent or manager may not:

(i) Fill vacancies on the Board or on any committee;

(ii) Amend or repeal the Articles of Incorporation or Bylaws or adopt new Bylaws;

(iii) Amend or repeal any resolution of the Board;

(iv) Designate any other committee of the Board or appoint the members of any committee;

(v) Approve any transaction (A) to which the Foundation is a party and to which one or more Directors has a material financial interest; or (B) between the Foundation and one or more Directors or between The Foundation and any corporation or firm in which one or more of its Directors has a material financial interest; or

(vi) Approve any transaction involving the use of any asset of the Foundation that might threaten or impair the objectives of the Foundation.

Article 5

Officers

5.1. Officers

The Foundation shall have the following Officers: President, Vice-President, Secretary, and Treasurer, and such other Officers as the Board may designate by resolution and appoint pursuant to Section 5.3. Officers need not be Directors; one person may hold two or more offices, except those of President and Secretary, and President and Treasurer.

5.2. Election and Term of Office

The Officers, except those appointed in accordance with the provisions of Section 5.3 of this Chapter, shall be chosen by the Board, and each shall serve at the pleasure of the Board, subject to the rights, if any, of any Officer under a contract of employment. Officers may serve terms of such length as the Directors may designate, but not to exceed two years.

5.3. Subordinate Officers

The Board may appoint such other Officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, each of whom shall have the authority and perform the duties prescribed by the Board.

5.4. Removal of Officers

Subject to rights, if any, under any contract of employment, any Officer may be removed, with or without cause, by the Board, at any regular or special meeting of the Board, or, except in the case of an Officer chosen by the Board, by an officer on whom such power of removal has been conferred by the Board.

5.5. Resignation of Officers

Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Any resignation shall take effect at the date of receipt of that notice or at any later time specified in that notice. Unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the Foundation under any contract to which the Officer is a party.

5.6. Vacancies in Office

A vacancy in any Office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointments to that Office.

5.7. Responsibilities of Officers

(a) **President.** The President shall be the Chief Executive Officer of the Foundation. He shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The President shall be responsible to the Board, shall see that the Board is advised on all significant matters of the Foundation's business, and shall see that all orders and resolutions of the Board are carried into effect. The President shall be empowered to act, speak for, or otherwise represent the Foundation between meetings of the Board within the boundaries of policies and purposes established by the Board and as set forth in the Articles of Incorporation and these Bylaws. The President shall be responsible for keeping the Board informed at all times of staff performance and for implementing any personnel policies adopted by the Board.

(b) **Vice-President.** In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice-President shall have such other duties as may from time to time be prescribed by the Board.

(c) **Secretary.** The Secretary shall attend to the following:

(i) *Minutes and Records.* The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board may direct, a book of minutes of all meetings and actions of Directors and committees of Directors, with the time and place of holding regular and special meetings, and if special, how authorized, the notice given, the names of those present at such meetings, and the proceedings of such meetings.

(ii) *Notices, Seal, and Other Duties.* The Secretary shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws to be given. The Secretary shall keep the seal of the Foundation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(d) **Treasurer.** The Treasurer shall serve as the Chief Financial Officer of the Foundation and shall attend to the following:

(i) *Books of Account.* The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Foundation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

(ii) *Deposit and Disbursement of Money and Valuables.* The Treasurer shall deposit all money and other valuables in the name and to the credit of the Foundation with such depositories as may be designated by the Board; shall disburse funds of the Foundation as may be ordered by the Board; shall render to the President and Directors, whenever they request it, an account of all financial transactions and of the financial condition of the Foundation; and shall have other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(iii) *Bond.* If required by the Board, the Treasurer shall give the Foundation a bond in the amount and with the surety specified by the Board for the faithful performance of the duties of his or her office and for restoration to the Foundation of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

5.8. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Foundation shall be executed by the President, Secretary, or Treasurer, or by such other person or persons as the Directors may designate by resolution.

5.9. Compensation

Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 4.9.

Article 6

Management and Administration

6.1. Liability and Indemnification

To the fullest extent that Georgia law, as amended from time to time, permits, the Foundation shall indemnify, hold harmless, and defend the Founder (and its members, agents, and employees), every Foundation officer, Director (in their capacity as such), and every committee member for, from, and against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding brought against them (including any settlement thereof, if approved by the Directors). This right to indemnification shall not be exclusive of any other rights to which any present or former officer or Director may be entitled. As a Foundation Expense, the Foundation shall maintain adequate general liability and directors and officers liability insurance to fund this obligation as provided in Section 7.3.

6.2. Standards of Conduct; Business Judgment

In performing their duties, Directors and officers are subject to insulation from liability as provided for Directors, and officers of corporations by Georgia law and as otherwise provided by these Bylaws, the Charter, and the Articles of Incorporation. Directors shall exercise the ordinary and reasonable care of Directors or directors of a corporation, subject to the business judgment rule.

As defined herein, a Director shall act in accordance with the business judgment rule so long as the Director:

- (a) acts within the expressed or implied scope of these Bylaws, the Charter, and the Articles of Incorporation and his or her actions are not *ultra vires*;
- (b) affirmatively undertakes to make decisions which are necessary for the continued and successful operation of the Foundation and, when decisions are made, they are made on an informed basis;
- (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and
- (d) acts in a non-fraudulent manner and without reckless indifference to the Foundation's affairs.

A Director acting in accordance with the business judgment rule shall be protected from personal liability. Unless these Bylaws, the Charter, and the Articles of Incorporation require that specific action be taken, the failure to take specific action shall not, without further showing of a violation under the business judgment rule, be deemed a violation of a Director's duty.

The Directors' determinations of the meaning, scope, and application of Bylaws, the Charter, and the Articles of Incorporation provisions shall be upheld and enforced so long as such determinations are reasonable. The Directors shall exercise their power in a fair, nondiscriminatory manner and shall adhere to the procedures established in these Bylaws, the Charter, and the Articles of Incorporation.

6.3. Right to Contract

The Foundation shall have the right to contract with any person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements, or covenants to share costs with a property owners association or any other entity within or outside Lake Arrowhead.

6.4. Committees

The Directors may appoint such committees, as they deem appropriate to perform such tasks as the Directors may designate by resolution. Each committee shall operate in accordance with the terms of such resolution and any rules adopted by the Board. Members of committees need not be Directors, but at least one Director shall serve on each committee. Any member of the committee may be removed, with or without cause, at any time by the Board. No committee shall have all or a portion of the authority of the Board; each committee shall have only an advisory capacity. Any committee, to the extent provided in the resolution of the Board, shall have all or a portion of the authority of the Board, except that no committee, regardless of the Board resolution, may:

- (i) Fill vacancies on the Board or on any committee;
- (ii) Amend or repeal the Articles of Incorporation or By-laws or adopt new By-Laws;
- (iii) Amend or repeal any resolution of the Board;
- (iv) Designate any other committee of the Board or appoint the members of any committee; or
- (v) Approve any transaction (A) to which the Foundation is a party and to which one or more Directors has a material financial interest; or (B) between the Foundation and one or more Directors or between the Foundation and any corporation or firm in which one or more of its Directors has a material financial interest.

6.5. Limitation on the Foundation Authority

The Association exists independently from the Foundation and is managed and administered in accordance with the Declaration and the Association's other governing documents. Unless the Association otherwise specifically consents in writing, or unless specifically provided in the Charter, the Foundation has no authority to, and shall not (a) enforce the Declaration or any Association rights; (b) maintain, improve, operate, or encumber Association-owned or administered property; (c) act as the Association's agent or representative; (d) commit the Association to any contracts, obligations, or costs; (e) hire, terminate, direct, manage, or supervise any of the Association's employees or its managing agent; (f) solicit the Association's employees or agents to become the Foundation's employee or exclusive agent; or (g) directly assess the owners or any neighborhood association directly or indirectly, except as otherwise specifically permitted under the Declaration or the Charter.

This Section is for the benefit of and shall be enforceable by the Association.

Article 7

Accounting and Insurance

7.1. Accounts and Reports

The following management standards of performance shall be followed unless the Directors, by resolution, specifically determine otherwise:

- (a) generally accepted accounting principles shall be employed;
- (b) the Foundation's cash accounts shall not be commingled with any other accounts;
- (c) no persons, on behalf of the Foundation, shall accept remuneration from vendors, independent contractors, or others providing goods or services to the Foundation, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Foundation;
- (d) any agent of the Foundation shall disclose promptly to the Directors any financial or other interest which he or she may have in any firm providing goods or services to the Foundation; and
- (e) an annual report consisting of at least the following shall be made available for inspection by any interested party within 60 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Directors determines, by an independent public accountant.

The Foundation shall provide any interested party a copy of the annual financial report within 10 business days following receipt of a written request for access.

7.2. Borrowing

The Foundation shall have the power to borrow money for any legal purpose.

7.3. Insurance

The Foundation shall have the power to purchase and maintain insurance on behalf of any Director, officer, or agent of the Foundation, against any liability asserted against or incurred by the Director, officer, or agent in any such capacity or arising out of the Director's, officer's or agent's status as such, whether or not the Foundation would have the power to indemnify the agent against such liability under Section 6.1 of these Bylaws; provided, the Foundation shall have no power to purchase and maintain such insurance to indemnify any Director, officer, or agent of the Foundation for any self-dealing transactions.

7.4. Deductibles

The Foundation's policies may contain a reasonable deductible.

7.5. Annual Statement of Certain Transactions and Indemnifications

The Foundation shall prepare and mail or deliver to each Director an annual statement of the amount and circumstances of any transaction or indemnification of the following kind:

(a) Any transaction(s) in which the Foundation was a party, and in which any Director or Officer had a direct or indirect financial interest.

(b) Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director pursuant to Chapter 10 hereof unless such indemnification has already been approved pursuant to Chapter 8.

Article 8

Contracts and Loans with Directors and Officers

No Director or Officer of the Foundation, nor any other corporation, firm, association, or other entity in which one or more of the Foundation's Directors or Officers are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or other transaction with the Foundation, unless (i) the material facts regarding such Director's or Officer's financial interest in such contract or transaction and/or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and are noted in the minutes, or are known to all members of the Board prior to consideration by the Board of such contract or transaction; (ii) such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the vote or votes of such interested Director's; (iii) prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation under the circumstances that the Foundation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (iv) the Foundation enters into the transaction for its own benefit, and the transaction is fair and reasonable to the Foundation at the time the transaction is entered into.

The provisions of this Chapter do not apply to a transaction which is part of an educational or charitable program of the Foundation if it: (i) is approved or authorized by the Foundation in good faith and without unjustified favoritism; and (ii) results in a benefit to one or more Directors or Officers or their families because they are in the class of persons intended to be benefited by the educational or charitable program of the Foundation.

Article 9

Miscellaneous

9.1. Fiscal Year

The Directors shall set the Foundation's fiscal year by resolution at the initial meeting of the Foundation. In the absence of a resolution, the fiscal year shall be the calendar year.

9.2. Parliamentary Rules

Except as may be modified by the Directors, *Robert's Rules of Order* (current edition) shall govern the conduct of the Foundation proceedings when not in conflict with Georgia law, the Articles of Incorporation, or these Bylaws.

9.3. Conflicts

If there are conflicts among the provisions of Georgia law, the Charter, the Articles of Incorporation, and these Bylaws, the provisions of Georgia law, the Charter, the Articles of Incorporation, and these Bylaws (in that order) shall prevail.

9.4. Books and Records

(a) The Directors shall make the following available for inspection and copying: the Articles of Incorporation, the Charter, and these By-Laws, including any amendments, books of account, and the minutes of Director meetings. The Foundation shall provide for such inspection to take place at the Foundation's office or at such other place as the Directors designate.

(b) The Directors shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested.

(c) Every Director and the Founder shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Foundation. The right of inspection by a Director or the Founder includes the right to make a copy of relevant documents at the Foundation's expense.

9.5. Notices

Unless otherwise authorized or provided in the Charter, these Bylaws, or by Georgia law, all notices, demands, bills, statements, or other communications under the Charter or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid, to the Foundation, the Founder, Directors, or managing agent, as the case may be, at the Foundation's, the Founder's, Directors', or managing agent's principal office, or at such other address as shall be designated by notice in writing.

Alternatively, all such notices may be sent by means of facsimile or other electronic communication with confirmation of receipt. Such notice shall be deemed delivered upon transmission and confirmation of receipt.

) Transactions of any Directors meeting, however called and noticed or wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice if (a) a quorum is present; and (b) either before or after the meeting each absent Director signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about lack of adequate notice.

9.6. Amendment

These Bylaws may be amended upon a resolution approved by a majority of the Directors; however, any such amendment shall require the Founder's written consent for so long as the Founder or any corporate entity owned or controlled by Founder owns any property described in Exhibit "A" or "B" to the Charter or holds a beneficiary interest under a trust agreement in any property described in Exhibit "A" or "B" to the Charter.

Amendments are effective upon recording. No amendment may remove, revoke, or modify any right or privilege of the Founder without the Founder's written consent or the assignee of such right or privilege. No amendment may remove, revoke, increase, or modify any Association right, privilege, or obligation without the Association's written consent.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Lake Arrowhead Community Foundation, Inc., a Georgia nonprofit corporation;

That the foregoing Bylaws constitute the original Bylaws of Lake Arrowhead Community Foundation, Inc., as duly adopted at a meeting of the Board of Directors held on the 21st day of February, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Lake Arrowhead Community Foundation, Inc., this 21st day of February, 2008.


Secretary

Return to:
Brian M. Dubuc
Mozley, Finlayson & Loggins, LLP
3225 Shallowford Road
Suite 1200
Marietta, Georgia 30062
(770)509-6565

AMENDMENT TO THE
CHARTER FOR LAKE ARROWHEAD COMMUNITY FOUNDATION, INC.

THIS AMENDMENT is made on the date hereinafter set forth by Lake Arrowhead Communities, LLC, a Georgia Limited Liability Company (hereinafter "Founder"):

WHEREAS, Founder filed that certain Charter for Lake Arrowhead Community Foundation, Inc. on March 18, 2008 in Deed Book 10123, Pages 144 at the Office of the Clerk of the Superior Court of Cherokee County (hereinafter the "Charter"); and

WHEREAS, Founder's original intention in filing said Declaration was to exempt the imposition of assessments against lenders who acquire title through foreclosure; and

WHEREAS, Declarant wishes to clarify and amend the Charter to clarify which sale transactions involving institutional lenders are subject to assessment under the Charter;

NOW THEREFORE, Founder amends the Charter pursuant to Article 5.5 of the Charter as follows:

1.

Article 2.3(b)(iv)(D) is hereby deleted in its entirety and replaced with the following

"(D) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage, or pursuant to an agreement regarding securitization of the debt underlying the Mortgage to or from a mortgage loan servicer or from the foreclosing lender as an REO seller after the foreclosure of the Mortgage;"

2.

All other provisions of the original Charter, as previously amended or supplemented, shall remain the same, and be of full force and effect. This Amendment shall relate back to and be effective as of the original date of recording of the Charter.

IN WITNESS WHEREOF, the forgoing Amendment is executed by the undersigned duly authorized representative of Founder this 22 day of July, 2015.

Lake Arrowhead Communities, LLC, a Georgia limited liability company

By: JV Ventures, LLC, its Manager

Ralph Thomas Powers

By: Ralph Thomas Powers

Its: Vice President

John Ogden

Unofficial Witness

Sandra Kay Williams
Notary Public

