PROPOSED AMENDMENT TO THE LRPOA BY-LAWS

Article II, Section 8, Paragraph G, Sub-paragraph 1

REASON FOR CHANGE: This recommended amendment to the LRPOA By-Laws shall establish a standard process for amending the Association's Rules & Regulations. This process shall ensure the widest possible dissemination of information about any proposed amendment, prior to its being adopted, and shall allow property owners an opportunity to review the proposed amendment and provide their input prior to the Board's vote on the amendment. It shall also allow ample time for any members affected by the amended Rules & Regulations to explore and make any adjustments needed to comply with the change.

PORTION OF THE BY-LAWS TO BE AMENDED: Article II, Section 8, Paragraph G, Sub-paragraph 1.

AS READS: Article II, Section 8, Paragraph G, Sub-paragraph 1

Sub-paragraph 1, if approved, will be an addition to the By-Laws, so there is no "as reads" verbiage.

SHALL READ: Article II, Section 8, Paragraph G, Sub-paragraph 1

1) Any LRPOA member in good standing may request an amendment to the Rules & Regulations of the Association. Any request for an amendment, whether being requested by an individual, group, Committee or Board, shall be presented to the By-Laws and Covenants Committee (BLCC) in writing and must contain: a) The reason or purpose for the requested amendment; b) the specific section of the Rules & Regulations to be amended; and c) the proposed language of the amendment as it is desired by the member(s) submitting the request. All requests for amendments to the Rules & Regulations shall follow the process outlined below.
    a. The requested amendment shall be submitted to the BLCC for review. The request may be submitted to the Chairman, Vice-Chairman or Secretary of the BLCC, or to the General Manager who shall forward the request to the Chairman of the BLCC.
    b. The BLCC, at its next regularly scheduled meeting, shall begin a review of the proposed amendment, ensuring that: 1) there is no conflict with any other provision of the Rules & Regulations, By-Laws or Covenants; 2) the proposed amendment is not in conflict with any federal or state laws or any county ordinances; 3) the language in the proposed amendment is grammatically

correct, easily understood and accurately conveys the intent of the amendment; and 4) the proposed amendment is properly formatted for inclusion in the Rules & Regulations.

c. Upon completion of the review process, the BLCC shall forward the proposed amendment to the Secretary of the Association's Board of Directors and the General Manager.
d. The Board of Directors shall, at its next regularly-scheduled open meeting after receiving the proposed amendment from the BLCC: 1) conduct the first of three required readings of the proposed amendment; 2) direct that the proposed amendment be published in the next edition of The Royale Reporter; and 3) direct the General Manager to send an email to all Association members on the Association's email list, advising them of the proposed amendment and inviting property owners' comments on the proposed amendment.
e. The Board of Directors shall, at its second regularly-scheduled open meeting after receiving the proposed amendment from the BLCC: 1) conduct the second required reading of the proposed amendment: and 2) invite property owners' comments on the proposed amendment.
f. The Board of Directors shall, at its third regularly-scheduled open meeting after receiving the proposed amendment from the BLCC: 1) conduct the third required reading of the proposed amendment: and 2) invite property owners' comments prior to bringing the proposed amendment to a vote by the Board members.
g. If the Board of Directors approves the amendment, it shall become effective 30 days after approval of the minutes of the Board meeting at which the amendment was approved.
h. After the aforementioned minutes have been approved, the Association's General Manager shall: 1) update the amended Rules & Regulations; 2) post the amendment on the Association's website; and 3) generate an email broadcast to all Association members on the Association's membership email list, advising them of the effective date of the amendment.

PROPOSED AMENDMENT TO THE LRPOA BY-LAWS

ARTICLE II, SECTION 9 OF THE LRPOA BY-LAWS

REASON FOR CHANGE

Article 1, Section 1.2 (1) (e) of the Rules & Regulations states that property owners have the Right to "Prudent expenditure of fees and other assessments." Article 1, Section 1.2 (4), at subsections (b),(e),(h), and (j) states that community leaders have the responsibility to exercise sound business judgment and follow established management practices; establish committees or use other methods to obtain input from owners and non-owner residents; encourage input from property owners on issues affecting them personally and the community as a whole; and conduct business in a transparent manner when feasible and appropriate.

Though each of the above items is clearly stated in the Rules & Regulations, there is no established process that the Board of Directors is required to follow to ensure compliance. This is especially true as it relates to the expenditure of Association funds. This proposed amendment is needed to ensure transparency in all non-emergency discretionary expenditures of Association funds; provide a mechanism by which property owners are made aware of such proposed expenditure of Association funds; ensure that property owners have ample opportunity to review the proposed expenditure; and ensure that property owners may provide input on the proposed expenditure before the proposed expenditure may be brought up for a vote by the Board.

PORTION OF THE BY-LAWS TO BE AMENDED: Article II, Section 9

AS READS: Article II, Section 9, if approved, will be an addition to the By-Laws, so there is no "as reads" verbiage.

SHALL READ: Article II, Section 9 <u>Non-Emergency Discretionary Expenditures – Property Owner Notice and Input</u>

For the purpose of construing this section, "emergency" shall be defined, as set forth in North Carolina law, as a situation or imminent threat of widespread or severe damage, injury or loss of life or property, resulting from a natural or man-made cause. A discretionary expenditure shall be defined as any expenditure of the Association's funds requiring Board approval.

Prior to bringing any proposed non-emergency discretionary expenditure of Association funds to a vote, the Board of Directors shall:

A. Include details of the proposed expenditure in the circulated and posted agenda for the regularly-scheduled Board meeting at which the proposed expenditure will first be discussed.
B. During the "New Business" portion of that Board of Directors' open meeting, provide the Association's property owners with details of the proposed expenditure, including all justifications for it, the total projected cost and the source(s) in the budget from which the funds shall come, prior to tabling the proposal to be considered at a subsequent meeting.
C. Direct that details of the proposed expenditure be fully published in the next edition of The Royale Reporter.
D. Direct the General Manager to send an email to all Association members on the Association's email list, advising them of the details of the proposed expenditure and inviting property owners' comments on the proposed expenditure, noting that it may be approved as soon as the next open Board meeting.
E. At the next regularly-scheduled Board of Director's open meeting, bring the proposed expenditure up for discussion and a vote.