

COUNTRYTOWN TOWNHOUSES
COVENANTS AND BY-LAWS

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DECLARATION OF COVENANTS, CONDITIONS FOR COUNTRYTOWN TOWNHOUSES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is entered into this the 1st day of June, 1984, between COUNTRYTOWN TOWNHOUSES, INC., a North Carolina corporation (hereinafter called "Declarant"), and all parties hereafter acquiring any of the below described property.

WITNESSETH:

WHEREAS, Declarant is the owner of all real property within a subdivision in Pearce's Mill Township, Cumberland County, North Carolina, known as Countrytown Townhouses;

WHEREAS, Declarant is developing a residential complex known as COUNTRYTOWN TOWNHOUSES on said real property and contemplates the sale of residential units within Countrytown Townhouses; and

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring property in Countrytown Townhouses that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the property in Countrytown Townhouses; and for the continued maintenance and operation of such recreational and common areas.

NOW, THEREFORE, in consideration of the premises, the Declarant agrees with all parties hereafter acquiring any of the property hereinafter described, that it shall be and hereby is subject to the following restrictions, covenants, conditions, easements, assessments and liens relating to the use and occupancy thereof, which shall be construed as covenants running with the land which shall be binding on all parties acquiring any right, title or interest in any of the properties and which shall inure to the benefit of each owner thereof.

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ARTICLE I

PROPERTIES SUBJECT TO THIS DECLARATION

Section One. The property which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Cumberland County, North Carolina, as more particularly described on Exhibit A attached hereto and incorporated herein by reference. Phase I is the first of a series of _____ phases which the Declarant proposes to create. Additional phases will be located within the property described on Exhibit B. The Declarant hereby subjects the property, more particularly described on Exhibit A attached hereto and incorporated herein by reference, to this Declaration and the jurisdiction of the Association.

Section Two. The Declarant hereby reserves the right to subject any part or all of property described in Exhibit B to the Restrictions in order to extend the scheme of this Declaration to other property to be developed and thereby to bring such additional properties within the jurisdiction of the Association. Each additional parcel or tract of land, with the improvements thereon or to be placed thereon, which is subjected to this Declaration, shall be designated consecutively as "Countrytown Townhouses, Phase II", and such similar designation for each phase.

ARTICLE II

DEFINITIONS

Section One. "Association" shall mean and refer to Countrytown Townhouses Homeowners Association, Inc., its successors and assigns.

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Section Two. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having any interest merely as security for the performance of an obligation.

Section Three. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section Four. "Common Area(s)" shall mean all property owned by the Association, or such other property which the Association may hold subject to the provisions of the Declaration. Common Areas shall be defined and bounded on the plat(s) of Countrytown Townhouses and amendments thereof and designated thereon as "Common Areas" or "Common Open Space". Common Areas in each phase shall be conveyed to the Association free and clear of encumbrances prior to deeding the first Lot in the phase.

Section Five. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and shall include all improvements thereon.

Section Six. "Declarant" shall mean and refer to Countrytown Townhouses, Inc., its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE III

PROPERTY RIGHTS

Section One. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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- (a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (b) The right of the Association to suspend the voting rights and right of use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of Members agreeing to such dedication or transfer has been recorded;
- (d) The right of the Association to limit the number of guests of Members;
- (e) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the homeowners hereunder;
- (f) The right of the Association to adopt, publish and enforce rules and regulations as provided in Article XI.

Section Two. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

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Section Three. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the

Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot, except utility and storm drainage easements.

Section Four. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces, which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking areas. The Association may regulate the parking of boats, trailers and other such items on the Common Area.

Section Five. TV Antennas and Cablevision. The Association may provide one or more central television antennas for the convenience of the Members and may supply cablevision and the cost of these may be included in annual or special assessments. The Association may regulate or prohibit the erection of television antennas on individual lots.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section One. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section Two. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but, in no event, shall more than one vote be cast with respect to any Lot.

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Class B. The Class B Members(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, additional lands are annexed to the Properties without the assent of Class A Members on account of the development of such additional lands by the Declarant, as provided for in Article VIII, Section Two, below, or;
- (b) On December 31, 1988.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section One. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, cost and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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Section Two. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of Common Areas, including the maintenance, repair and reconstruction of private streets, driveways, walks and parking areas situated on the Common Area, such maintenance to include the cutting and removal of weeds and grass, the removal of trash and rubbish from the Common Areas or any other maintenance and for the exterior maintenance of the residences situated upon the Properties as hereinafter provided or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area, the procurement and maintenance of insurance in accordance with this Declaration, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting, the generality of the foregoing, roofs, paving, and any other major expense for which the Association is responsible, and such other needs as may arise.

Section Three. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common areas and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

Section Four. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum monthly assessment shall be Sixty and No/100 (\$60.00) Dollars per Lot.

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by the Board of Directors without a vote of membership by up to ten (10%) percent of the previous year's assessment.
- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section Four (a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.
- (c) The Board of Directors may increase the annual assessment by an amount not in excess of the maximum permitted increase requiring a vote of the Members.

Section Five. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section Six. Notice and Quorum for any Action Authorized under Sections Four and Five. Written notice of any meeting called for the purpose of taking any action authorized under Sections Four or Five shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section Seven. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all Lots and shall be collected on a monthly basis. Provided, however, that the assessment for Lots owned by Declarant which are not occupied as a residence, may be a lesser amount as fixed by the Board of Directors of the Association, but shall not be less than twenty-five (25%) percent of the regular assessments for other Lots.

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Section Eight. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. Such annual assessments shall be paid ratably on a monthly basis. The Board of Directors shall fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section Nine. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate permitted by law on the date the assessment became due. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property and in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section Ten. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

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Section Eleven. Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments, regardless of ownership.

Section Twelve. Working Capital Fund. At the time of closing of the sale of each unit a sum equal to at least two months' assessments for each Unit shall be collected and

transferred to the Association to be held as a working capital fund. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI

EXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint and/or stain the exterior of the townhouses, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights (excluding electricity therefor), and other exterior improvements. Such exterior maintenance shall not include glass surfaces. Further, the Owner of any Lot may at his election plant trees, shrubs, flowers and grass in his rear yard and may also maintain portions or all of his rear yard provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by a Lot Owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his rear yard in a neat and orderly manner, the Association may undertake any required maintenance and add the cost thereof to the assessment against such Owner's Lot. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.

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(As a matter of information to future Members of the Association, the developers wish to make it known that due to differing amounts of exposure to the elements and other factors, some dwellings may require more maintenance than others and that it is in the best interest of the entire Association that all units be properly maintained and that the Association shall be required to provide such maintenance provided for herein and make a uniform rate of charge without regard to the actual cost of maintenance of each dwelling.)

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Association is hereby granted an easement right of access to go upon any Lot for performance of repairs or maintenance, the responsibility of which is the Association's hereunder.

ARTICLE VII

PARTY WALLS

Section One. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section Two. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section Three. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section Four. Easement and Right of Entry for Repair, Maintenance and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of another Owner to the extent necessary to perform repair, maintenance or reconstruction of a party wall. Such repair, maintenance or reconstruction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section Five. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section Six. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section Seven. Certification by Adjoining Property Owner that no Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property Owner has a right of contribution as provided in this Article VI, request of the adjoining property Owner or property Owners a certificate that no contribution exists, whereupon it shall be the duty of each adjoining property Owner to make such certification

immediately upon request without charge; provided, however, that where the adjoining property Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section Eight. Arbitration. In the event of any dispute arising concerning party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE VIII

ARCHITECTURAL CONTROL

No building, fence, signs, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

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ARTICLE IX

ANNEXATION OF ADDITIONAL PROPERTIES

Section One. Annexation of additional property, except as provided in Section Two of this Article VIII, shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of proxies entitled to cast sixty (60%) percent of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, Members not present may give their written assent to the action taken thereat.

Section Two. If within seven (7) years of the date of incorporation of this Association, the Declarant should develop additional land within the property described in Exhibit B as hereinabove provided in Article I, such land may be annexed by the Declarant in the manner provided in Article I without the consent of Members provided that the Federal Housing Administration and the Veterans Administration determine that the annexation is in accord with the general plan heretofore provided by them.

Section Three. Annexation of additional Properties shall be accomplished by recording in the County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Section Two above (and by the Association if pursuant to Section One above), describing the lands annexed and incorporating the provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the City of Hope Mills, North Carolina, if required by its ordinances.

Section Four. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed.

ARTICLE X

INSURANCE

Section One. Insurance coverage on the Property shall be governed by the following provisions:

- (a) **Ownership of Policies.** All insurance policies upon the Properties shall be purchased by the Association for the benefit of all the Association and the Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

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- (b) **Coverage.** All buildings and improvements upon the land and all personal property included in the Common Areas and facilities shall be insured in an amount equal to one hundred (100%) percent insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- i. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
 - ii. Such other risks as from time to time shall be customarily covered with respect to buildings on the land.
 - iii. Such policies shall contain clauses providing for waiver of subrogation.
- (c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million (\$1,000,000.000) Dollars per occurrence and shall include an endorsement to cover liability of the owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.
- (d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by Association and charged to the Owners as an assessment according to the provisions of Article V above; provided that premiums on account of hazard insurance coverage for individual Lots shall be apportioned to the individual Owners according to the amounts of the coverage required.

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- (e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the By-Laws and for the benefit of the Owners and their mortgagees in the following shares:
- i. Proceeds on account of damage to Common Areas and facilities held for the Association.
 - ii. Proceeds on account of damage to Countrytown Townhouse Lots shall be held in undivided shares for the Owners of damaged Lots in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.
 - iii. In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section Two. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

- (a) Expense of the Trust. All expenses for the insurance trustees shall be first paid or provisions made therefor.

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- (b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

Section Three. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments plus reserves accumulated.

ARTICLE XI

USE RESTRICTIONS

Section One. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Common Areas. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section Two. Use of Properties. No portion of the Properties (except for temporary office of the Declarant and/or model townhouses used by Declarant) shall be used except for residential purposes and for purposes incidental or accessory thereto.

Section Three. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section Four. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

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ARTICLE XII

EASEMENTS

All of the Properties, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power line and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Areas conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right

of ingress, egress and regress across all Common Areas, now or hereafter owned by the Association, for the purpose of construction of improvements within the Properties.

All Lots shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves, gutters and downspouts and walls.

ARTICLE XIII

GENERAL PROVISIONS

Section One. Enforcement. The Association, or any Owner, shall have the right to enforce, by and proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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Section Two. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section Three. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety (90%) percent of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Lot Owners.

Section Four. Management and Contract Rights of Association. Declarant shall enter into a contract with a Management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer or management by Declarant to the Association.

Section Five. FHAVA Approval. As long as there is a Class B membership, the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: annexation of additional Properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section Six. Rights of Noteholders. Any institutional holder of a first mortgage on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representation to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage, (e) receive written notice of any sixty-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners' Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) furnished with a copy of the master insurance policy.

ARTICLE XIV

ELECTRICAL SERVICE

Declarant reserves the right to subject the above-described Property to a contract with Carolina Power and Light Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by the Owner of each Lot within said Property.

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BY-LAWS

OF

COUNTRYTOWN TOWNHOUSES HOMEOWNERS ASSOCIATION, INC.

A corporation not for profit under the laws of the State of North Carolina

1. **IDENTITY.** These are the By-Laws of COUNTRYTOWN TOWNHOUSES HOMEOWNERS ASSOCIATION, INC., a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State (herein "Association"). It has been organized for the purpose of administering the operation and management of COUNTRYTOWN TOWNHOUSES, a Townhouse Development (herein "TD") to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Cumberland County, North Carolina, and described in Exhibit "A" of the Declaration of Covenants, Conditions and Restrictions for Countrytown Townhouses, and each subsequent amendment thereto, and incorporated herein by reference (herein "Declaration").
 - a. The provisions of these By-Laws are applicable to the TD, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and in the Declaration which will be recorded in the Cumberland Country Public Registry, North Carolina, at the time said property and the improvements now situated thereon are submitted to the plan of TD ownership, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever they may be in conflict herewith.
 - b. All Present or future owners, tenants, future tenants, or their employees, or any other person that might use the TD or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and Declaration.
 - c. The office of the Association shall be at such place in Cumberland County, North Carolina, as the Board of Directors shall designate from time to time.
 - d. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the TD, the fiscal year shall commence with the closing of the sale of the first Townhouse Unit.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES.

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

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- b. A quorum at members' meetings shall consist of persons entitled to cast ten (10%) percent of the eligible votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.
- c. The vote of the Owners of a Townhouse Unit owned by more than one person or by a corporation or other entity shall be cast by the one person named in a Certificate signed by all of the Owners of the Townhouse Unit and filed with the Secretary of the Association, and such Certificate shall be valid until revoked by subsequent Certificate. If such a Certificate is not on file, the vote of such Owners shall not be considered for any purpose.
- d. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.
- e. Approval or disapproval of a Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such Owner if in an Association meeting.
- f. The terms "75% of the members" or "75% of the membership", (or "3/4" in lieu of "75%") when used in the context of membership voting rights, shall mean the owners of at least 75% of the Townhouse Units.
- g. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP.

- a. The Annual Members' Meeting shall be held at a time and place designated by the Board of Directors, on the first Tuesday in March of each year that is

not a legal holiday for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

- b. Special Members' Meetings shall be held whenever called by the President of Vice-President or by a majority of the Board of Directors and must be called by such Officers upon receipt of written request from members of the Association owning a majority of the Townhouse Units.

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- c. Notice of all members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other Officer of the Association in absence of said Officers, to each member, unless waived in writing, such notice to be written and to state the time and place and purpose for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or delivered personally to each member within said time. If delivered personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his post office address as it appears on the Register of Owners of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration) the members who are present either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.
- d. The order of business as far as practical at any members' meetings, shall be:
 - i. Calling of the roll and certifying of proxies;
 - ii. Proof of notice of meeting or waiver of notice;
 - iii. Reading and disposal of any unapproved minutes;
 - iv. Reports of Officers;
 - v. Reports of Committees;
 - vi. Appointment of Inspectors of Election by Chairman;
 - vii. Unfinished business;

- viii. New business; and
- ix. Adjournment.

4. BOARD OF DIRECTORS.

- a. The initial Board of Directors of the Association and each succeeding Board of Directors shall consist of three (3) persons. Notwithstanding the foregoing, so long as the developer, COUNTRYTOWN TOWNHOUSES, INC., a North Carolina corporation (herein "Developer") owns twenty-five percent (25%) of the total Townhouse Units in COUNTRYTOWN TOWNHOUSES, but in any event longer than five (5) years from the date of recording of the first conveyance of a Unit sold in Phase I of the TD, the Developer shall have the right to select a majority of the persons who shall serve as members of each Board of Directors of the Association. Any Director selected by Developer need not be a resident in the TD.

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- b. Election of Directors shall be conducted in the following manner:
 - i. Developer shall, at the beginning of the election of the Board of Directors, select the number of the members of the Board of Directors which it shall be entitled to select in accordance with the provisions of the By-Laws, and upon such selection of Developer by written instrument presented to the meeting at which such election is held, said individuals so selected by Developer shall be considered Directors of the Association, and shall thenceforth perform the offices and duties of such Directors until their successors shall have been elected in accordance with the provisions of the By-Laws.
 - ii. All members of the Board of Directors whom Developer shall not be entitled to select under the terms and provisions of the By-Laws, shall be elected by a plurality of the votes cast at the Annual Meeting of the members of the Association immediately following the selection of the members of the Board of Directors whom Developer shall be entitled to select.
 - iii. Vacancies in the Board of Directors may be filled until the date of the next Annual Meeting by the remaining Directors, except that should any vacancy in the Board of Directors be created in any Directorship previously filled by any person selected by Developer, such vacancy shall be filled by Developer selecting by written instrument delivered to any Officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.

- iv. The initial Board of Directors will consist of the three members whose names are set forth in the Articles of Incorporation. From and after the date of the first annual meeting of members, there shall be three (3) Directors. The initial Board shall serve until their successors at the first Annual Meeting of members are elected and qualify. Each Director shall hold office for a term of one (1) year or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualifies. If at the time of the first Annual Meeting, Developer owns 25% of the total Townhouse Units in the TD, then Developer shall have the right to designate and select two (2) Directors.

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- v. In the election of Directors, there shall be appurtenant to each Townhouse Unit a total vote equal to the number of Directors to be elected multiplied by the number of Units owned; provided, however, that no member or Owner of one (1) Townhouse Unit may cast more than one of said votes for any one person nominated as a Director, so that voting for Directors shall be noncumulative. Notwithstanding the fact that Developer may be entitled to select a majority of the members of the Board of Directors, it shall still be entitled to cast the vote for each Townhouse Unit owned by it in the elections of other Directors, provided, however, that the other Directors elected are persons other than Officers, Directors, Stockholders and Employees of Developer, or wives and relatives of any said persons.
- vi. In the event that Developer, in accordance with the rights herein established, selects any person to serve on any Board of Directors of the Association, Developer shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board of Directors. Replacement of any person designated by Developer to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.
- c. The organizational meeting of each newly elected Board of Directors shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and

no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

- d. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.
- e. Special Meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

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- f. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.
- g. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, or these By-Laws or the Declaration. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if great than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.
- h. The Presiding Officer of Directors' meeting shall be the Chairman of the Board, if such an Officer has been elected; and if none, then the President of the Association shall preside. In the absence of the Presiding Officer, the Directors present shall designate one of their number to preside.
- i. Directors' fees, if any, shall be determined by the members.

j. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these By-Laws and the Declaration, and shall include, without limiting the generality of the foregoing, the following:

i. To make, levy and collect assessments and members and members' Townhouse Units to defray the costs of the TD, as provided for in Article V of the Declaration, which Article is hereby incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

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ii. To maintain, repair, replace, operate and manage the Common Areas and Facilities wherever the same is required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure made or to be made for said purposes;

iii. To reconstruct any part of the Common Property after casualty in accordance with the Declaration, and to make further improvement to the Common Property, real and personal, and to make and to enter into any and all contracts necessary or desirable to accomplish said purposes;

iv. To make, amend and enforce regulations governing the use of the Common Property and Townhouse Units so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration;

v. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Townhouse Units in the TD as may be necessary or convenient in the operation and management of the TD, and in accomplishing the purposes set forth in the Declaration, provided that the acquisition of real property other than Townhouse Units shall require the approval of the Association;

vi. To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or

facilities, including, but not limited to, swimming pools, tennis and other recreational facilities whether or not contiguous to the lands of the TD, to provide enjoyment, recreation or other use or benefit to the Owners of Townhouse Units;

- vii. To contract for the management of the TD and to designate to such contractors all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Board of Directors or membership of the Association subject to the provisions of paragraph L herein below as to the nonbinding effect of certain of such contracts entered into by the initial Board of Directors;
- viii. To enforce by legal means or proceedings the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration and the regulations hereinafter promulgated governing use of the Common Property in the TD;
- ix. To pay all taxes and assessments which are or may become liens against any part of the TD, other than Townhouse Units and the appurtenances thereto, and to assess the same against the members and their respective Townhouse units subject to such liens;

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- x. To purchase insurance for the protection of the members and the Association against casualty and liability in accordance with Article X of the Declaration;
 - xi. To pay all costs of power, water, sewer and other utility series rendered to the TD and not billed to the Owners of the separate Townhouse Units; and
 - xii. To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the TD, including the Common Property.
- k. The initial Board of Directors of the Association shall be comprised of the three (3) persons designated to serve as Directors in the Articles of Incorporation, which persons shall serve until their successors are elected at the first Annual Meeting of the members of the Association called after the Declaration has been recorded in the Cumberland County Public Registry, North Carolina. Should any member of the initial Board of Directors be unable to serve for any reason, the remaining members of the Board of Directors shall have the right to designate a party to serve as a Director for the unexpired term.

- i. The undertakings, contracts and /or leases authorized by the initial Board of Directors or authorized by the Board during any period of time in which the Developer has control of the Board (including any management contract) shall not be binding directly or indirectly upon the Association unless there is a right of termination of any such undertaking, contract and/or lease, without cause, which is exercisable without penalty at any time after Developer's control ceases, upon no more than ninety (90) days' notice to the other party.
- m. Any one or more of the members of the Board of Directors may be removed, either with or without cause, at any time by a vote of the members owning a majority of the Townhouse Units in the TD, at any Special Meeting called for such purpose, or at the Annual Meeting. Provided, however, that only the Declarant shall have the right to remove a Director appointed by it.

5. OFFICERS.

- a. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by a vote of the Directors at any meeting. Any persons may hold two or more offices, except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Board of Directors shall from time to time, elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

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- b. The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of the president of any association, including the power to appoint committees from among the members as he may determine appropriate to assist in the conduct of the affairs of the Association.
- c. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.
- d. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association, and affix the same to instruments

requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

- e. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidence of indebtedness. He shall keep, or supervise the keeping of, detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and identifying the maintenance and repair expenses of the common areas and facilities and any other expense incurred.
- f. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the TD.
- g. All officers shall serve at the pleasure of the Board of Directors and any Officer may be removed from office at any time, with or without cause, by a majority vote of the Board of Directors.

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6. **FISCAL MANAGEMENT.** The provisions for fiscal management of the Association set forth in the Declaration and Articles of Incorporation shall be supplemented by the following provisions:

- a. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Townhouse Unit. Such account shall designate the name and address of the Unit Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.
- b. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to the following:
 - i. Common Expense Budget, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of an capital improvements to the Common Property including landscaping, streets and walkways, office expense, utility services, casualty insurance, liability insurance,

administration and reserves (operating and Capital Improvement Replacement), management fees and costs of maintaining leaseholds, memberships and other possessory or use interests in lands or facilities whether or not contiguous to the lands of the TD, to provide enjoyment, recreation or other use or benefit to the Unit Owners; and

- ii. Proposed assessments against each member and his Unit.

Copies of the proposed budget and proposed assessments shall be transmitted to each member prior to January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished to each member concerned. Non-delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto and nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in their sole discretion, to levy any additional assessments in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

- c. The Board of Directors shall retain professional management services to be primarily responsible for fiscal management of the Association and maintaining the TD, but which may perform such other powers and duties of the Association as may be delegated to it and contracted for by the Board of Directors. Any management agreement for the TD will be terminable by the Association for cause upon 30 days' written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

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The prior written approval of lenders holding 60% of the first mortgages will be required for the effectuation of any decision by the owners association to terminate professional management and assume self-management of the project.

- d. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the funds of the Association shall be deposited. Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

- e. The books and all supporting documentation shall be available for examination by all Unit Owners and their Lenders or their agents during normal business hours.
 - f. An audit of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made.
 - g. Fidelity bonds shall be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors. The premiums on such bonds shall be paid by the Association.
7. PARLIAMENTARY RULES. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of North Carolina.
8. AMENDMENTS TO BY-LAWS. Amendments to these By-Laws shall be proposed and adopted in the following manner:
- a. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by members of the Association owning a majority of the Townhouse Units in the TD, whether meeting as members or by instrument in writing signed by them.

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- b. Upon any amendment to these By-Laws being proposed by said Board of Directors or members, such proposed amendment shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a Special Joint Meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such Officer of the proposed amendment and it shall be the duty of the Secretary to give to each member written notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.
- c. In order for such amendment to become effective, it must be approved by an affirmative vote of a majority of the entire membership of the Board of Directors and by an affirmative vote of the members owning not less than

three-fourths of the Townhouse Units in the TD. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, verified by the Secretary of the Association, and a copy thereof shall be recorded in the Cumberland County Public Registry, North Carolina, within twenty (20) days from the date on which any amendment has been approved by the Directors and members. No amendment shall become effective until it is duly recorded.

- d. Upon the approval and proper recording of any amendment, it shall become binding upon all Unit Owners.
- e. At any meeting held to consider any amendment to the By-Laws, the written vote of any member of the Association shall be recognized if such member if not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.
- f. Notwithstanding the foregoing provisions of this Article 8, no amendment to these By-Laws which shall abridge, amend or alter the right of the developer to designate and select members of each Board of Directors of the Association, as provided in Article 4 hereof, may be adopted or become effective without the prior written consent of the Developer.

9. RULES OF CONDUCT.

- a. No resident of the TD shall post any advertisements or posters of any kind in or on the Common Property except as authorized by the Association.
- b. Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television sets and amplifiers that may disturb other residents. Those keeping domestic animals will abide by the sanitary regulations of Cumberland County.