

Exhibit 'E'

BK 6732 PG 501

BY-LAWS OF

STERLING MANOR OWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL

These are By-Laws of Sterling Manor Owners Association, Inc., hereinafter called "the Association," a nonprofit corporation organized and existing under the laws of the State of North Carolina. The Articles of Incorporation were filed in the office of the Secretary of State on March __, 2004. The Association has been organized for the purposes of the administration, operation and management, and for such other purposes set forth in the Articles of Incorporation and the Declaration of Covenants, Conditions and Restrictions which is incorporated herein by reference, of a planned unit development established in accordance with the laws of the State of North Carolina upon property situated in Cumberland County, North Carolina, and described in the Declaration of Covenants, Conditions and Restrictions (the "Declarant").

A. The provisions of these By-Laws are applicable to the Association and all future phases, if any, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorizations contained in the Articles of Incorporation. The terms and provisions of the Articles of Incorporation and Declaration and/or amendments thereto will be controlling wherever the same may be in conflict herewith.

B. All present or future owners, tenants, future tenants, and their employees, and any other person that might use the Association facilities 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 will be at P.O. Box 53421, Fayetteville, Cumberland County, North Carolina, 28305.

D. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation the fiscal year shall commence with the date of the filing of the Articles of Incorporation in the office of the Secretary of State.

ARTICLE II

MEMBERSHIP, VOTING QUORUM, PROXIES

A. QUALIFICATIONS: The qualifications of members, the manner of their admission to membership and termination of such membership, and voting members, shall be as set forth in Article VI of the Articles of Incorporation. The provisions of Article VI of the Articles of Incorporation are incorporated herein by reference.

B. QUORUM: A quorum at members' meeting shall consist of persons entitled to cast a majority of the 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. VOTING: Each member shall be entitled to vote as set forth in Article VI of the Articles of Incorporation. The provisions of Article VI of the Articles of Incorporation are incorporated herein by reference.

D. PROXIES: 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 of State before the appointed time of the meeting.

E. BINDING EFFECT: Approval or disapproval of an 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. Except where otherwise required under the provisions of the Articles of Incorporation, 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 member's meeting at which a quorum is present shall be binding upon all members.

ARTICLE III

ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

A. ANNUAL MEETINGS: A meeting of the Association shall be held at least once each year. The first annual meeting shall be held within one year from the date of incorporation of the Association. Prior to the first annual meeting the Association shall be managed and controlled by the initial Executive Board as provided for in Article IV herein. The annual member's meeting shall thereafter be held at a date, hour and place designated by the Executive Board for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

B. SPECIAL MEETINGS: Special member's meetings may be called at any time by the president, a majority of the Executive Board or upon written request of 20% of the members.

C. NOTICE: Written notice of each meeting shall be given by, or at the direction of, the secretary or person(s) authorized to call the meeting, by hand delivering, facsimile or mailing a copy of such notice, postage prepaid, at least 10 days and not more than 50 days before such meeting to each member. Unless waived in writing, the notice of meetings shall state the time, place, and purpose for which the meeting is called. If presented 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 address as it appears on the record of the Association (register of owners) as of the date of mailing. Proof of such mailing or notice by facsimile shall be given by the affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice. 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 member's 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 until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. NOTICE OF BUDGET: Within 30 days after adoption of any proposed budget for the Association, the Executive Board shall provide a summary of the budget to all the Unit owners. The budget shall be considered at a meeting of the Unit owners.

E. ORDER OF BUSINESS: The order of business at annual members' meetings and, as far as practical, at any other members' meetings shall be:

- a) Calling of the roll and certifying of proxies;
- b) Prof of notice of meeting or waiver of notice;
- c) Reading and disposal of any unapproved minutes;
- d) Reports of officers;
- e) Reports of committees;
- f) Appointment of inspectors of election by Chairman;
- g) Unfinished business;
- h) New business; and
- i) Adjournment.

ARTICLE IV

EXECUTIVE BOARD

A. EXECUTIVE BOARD: The first Executive Board of the Association shall consist of three (3) persons chosen by Highland Development Partners, LLC (the "Declarant") whose terms shall expire on the date of the first annual meeting of the members of the Association as outlined above. Each succeeding Board shall consist of the Association. Notwithstanding any provisions to the contrary herein, as long as there exists a Class B membership, the Declarant shall have the right to designate and select a majority of the persons who shall serve as members of the Executive Board of the Association, subject to the provisions of Section XI of the Declaration.

B. ELECTION OF DIRECTORS: Election of Directors shall be conducted in the following manner:

- a) Beginning with the first annual meeting of the Association, all members of the Executive Board shall be elected by a plurality of the votes cast at the annual meeting of the members of the Association and shall be elected to serve for a terms of two (2) years, or until removed in the manner elsewhere provided or as may be provided by law.
 - b) Vacancies in the Executive Board may be filled until the date of the next annual meeting by a majority by the remaining Directors.
-

c) There shall be appurtenant to each Lot a vote as set out in the Declaration and the Articles of Incorporation. If more than one person or entity owns a unit, the voting shall be in accordance with Article II, paragraph C above.

C. REGULAR MEETING: Regular meetings of the Board of Directors shall be held immediately following the regular Meeting of the Members. Notice of regular meetings shall be given to each Directors, personally or by mail, facsimile, telephone or telegraph, at least three (3) days prior to the day named for such meeting, unless notice is waived.

D. SPECIAL MEETING: 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 (1/3) 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, facsimile, telephone or telegram, with the notice stating the time, place and purpose of the meeting.

E. WAIVER: Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving notice.

F. QUORUM OF DIRECTORS: A quorum at a Director's 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 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 Declaration, the Directors who are present may adjourn the meeting until a quorum, or the required percentage of attendance is greater 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.

G. ACTION WITHOUT MEETING: The Executive Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all the Executive Board members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Executive Board.

H. PRESIDING OFFICER: The presiding officer of Directors' meetings 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 shall designate

one of their number to preside.

I. FEES: Directors' fees, if any, shall be determined by the members.

J. POWERS AND DUTIES: All the powers and duties of the Association shall be exercised by the Executive Board, 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 the Articles of Incorporation, these By-Laws and the Declaration, and shall include, without limiting the generality of the foregoing, the following:

a) To make, levy, and collect assessments against members' to defray the costs of the Association, as provided for in Article IV of the Declaration which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

b) 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 to approve any expenditures made or to be made for said purposes.

c) To reconstruct any part of the common property after casualty in accordance with Declaration, and to make further improvements to the common property, and to enter into any and all contracts necessary or desirable to accomplish said purposes.

d) To make, amend and enforce regulations governing the use of the common property as a whole so long as such regulations or amendments 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.

e) To acquire, operate, lease, manage, and otherwise trade and deal with the property, real and personal, as may be necessary or convenient in the operation and management of the planned unit development in accomplishing the purposes set forth in the Declaration, provided that the acquisition of real property other than the real property described in the Declaration shall require the approval of the Association.

f) 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 land or facilities whether or not contiguous to the lands of the condominium to provide enjoyment or other use or benefit to the owners of the Lots.

g) To contract for the management of the Association and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration and the regulations hereinafter promulgated governing use of the common property in the planned unit development.

h) 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 planned unit development.

i) To pay all taxes and assessments which are or may become liens against any part of the common property and the appurtenances thereto and to assess the same against the members in amounts equal to their respective ownership interest subject to such liens.

j) To purchase insurance for the protection of the members and the Association against liability and casualty in accordance with the Declaration.

k) To pay all costs of power, water, sewer and other utility services rendered to the Association and not billed to the owners of the separate Units.

l) To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the common property.

m) To exercise all other powers that may be exercised in this State by legal entities of the same type as the Association;

n) To exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise; and

o) To exercise any other powers necessary and proper for the governance and operation of the Association;

K. INITIAL BOARD: The initial Executive Board of the Association shall be comprised of three (3) persons designated to act and serve as Directors in the Articles of Incorporation, which said persons shall serve until their successors elected at the first annual meeting of the members of the Association. Should any member of the initial Board of Directors be unable to serve for any reason, a majority of the Board shall have the right to select and designate a party to act and serve as Director until the first annual Meeting of the members of the Association.

L. PRIOR UNDERTAKINGS: The undertaking and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable condominium documents.

M. REMOVAL: 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 interest in the condominium 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.

ARTICLE V

OFFICERS

A. ELECTION: The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, and a Secretary-Treasurer, all of whom shall be elected annually by the Board of Directors and who may be pre-emptorily removed by a vote of the Directors at any meeting. 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.

B. PRESIDENT: The President shall be the Chief Executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to the power to appoint committees from among the members from as he may in his discretion determine appropriate to assist him in the conduct of the affairs of the Association.

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

D. SECRETARY-TREASURER: 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 and shall perform all other duties which are usually vested in the office of secretary of an association and as may be required by the Directors or the President. He shall also have custody of all of the property, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties usually vested in the office of Treasurer.

E. FEES: 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 condominium.

F. REMOVAL: 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.

ARTICLE VI

FINANCES AND 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. ASSESSMENTS: An assessment roll shall be maintained in a set of accounting books in which there shall be an account for each 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 unit.

B. BUDGET: 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:

a) Common expense budge, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for the maintenance and operation of and capital improvements to the common property including landscaping, street and walkways, office expense, utility services, insurance, administration and reserves (operating and capital improvements replacement); management fees and costs of maintaining memberships, and other possessory or use interest in lands or facilities whether or not contiguous to the lands of the condominium, to provide for the use or benefit to the unit owners; and

b) Propose assessments for the successful operation of the planned unit development as provided in the Declaration. Copies of the proposed budget and proposed assessments shall be transmitted to each member at least 30 days prior to annual meeting of the Membership at which time an annual budget shall be adopted. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Upon request, delivery of a coy of any budget or amended budget to each member shall not affect the liability of any member for any such assessments, 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, subject to the terms and provisions of the Declaration.

C. DEPOSITORY: The depository of the Association shall be such bank, banks or other institutions as shall be designated from time to time by the Directors and in which the

monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

ARTICLE VII

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 North Carolina.

ARTICLE VIII

AMENDMENT 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 an affirmative vote of a majority of the Directors, or by members of the Association owning a majority of the Units whether meeting as members or by instrument by writing signed by them.

B. Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other office 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 or amendments and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth.

C. In order for such amendment or amendments to become effective, the same 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 Units entitled to vote not less than sixty-seven (67%) percent or more of the votes of the Association. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be placed in the corporate minutes or records of the Association.

D. Upon the approval, the same shall become binding upon all Unit owners.

E. At any meeting held to consider any amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not attendant at such meeting or represented there at by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

ARTICLE IX

COMMITTEES

A. COMMITTEES: The Board may establish by resolution adopted by a majority of Directors, such committees which it deems necessary or desirable to carry out the purpose of the Corporation.

B. COMMITTEE CHAIRMAN AND MEMBERS: The Chairman of all committees shall be appointed by and serve at the pleasure of the Board.

C. COMMITTEE REPORTS: The Chairman of each committee shall make a report to the President in writing of committee meetings and activities.

D. AUTHORITY: Unless specifically authorized in writing by the Board or the President, a committee Chairman or a committee shall have no authority to legally obligate the Corporation or incur any expenditure on behalf of the Corporation.

ARTICLE X

SUSPENSION OF RIGHTS

The Board may suspend, by a majority vote of the Board, the voting rights and right to hold office of a member during any period in which the member shall be in default in the payment of any dues, assessments, penalties or fines, imposed by the Corporation. Such rights may be suspended, after notice and hearing, for a period not to exceed sixty (60) days for a violation of the Association's Rule and Regulations, these By-Laws, or the Declaration.

ARTICLE XI

ASSETS OF THE ASSOCIATION

The Association shall hold, own, maintain, manage, control, repair, preserve, replace, care for and operate any and all real property, together with appurtenances, fixtures and improvement thereto, all personal property, all fixtures, all rights and privileges, including 11 parts of the water, sewer and drainage systems, and other possessory or use interest in land, facilities, and roads and streets which may be conveyed to, or made available for use by the

Association, the Declarant, or by any other person, firm, corporation or entity, or belonging to, or made available for, the Association, for the use, enjoyment, health, safety and welfare of the owners of said Units.

All such real property together with appurtenances, fixtures and improvements thereto, personal property, fixtures, rights and privileges, and other possessory or use interests in land or facilities owned by, belonging to, or made available for, the Association shall be treated, except as otherwise specifically in these By-Laws provided, as common areas and facilities of the "STERLING MANOR OWNERS ASSOCIATION, INC., a Condominium project for the purposes of managing, controlling, repairing, replacing, preserving, caring for, operating and otherwise dealing with for the use, health, safety, and welfare of the owners of those Units as herein provided.

The cost and expenses of holding, owning, maintaining, managing, controlling, repairing, replacing, preserving, earning for and operating all common areas of the "STERLING MANOR OWNERS ASSOCIATION, INC.", a Condominium project shall be "common expenses" and shall be included in the budget for each fiscal year for the Association and all provisions of these By-Laws shall apply thereto:

ARTICLE XII

BOOKS AND RECORDS

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

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "STERLING MANOR OWNERS ASSOCIATION, INC."

ARTICLES OF INCORPORATION

OF

STERLING MANOR OWNERS ASSOCIATION, INC.

I, the undersigned, being a natural person of full age, make these Articles of Incorporation for the purpose of forming a nonprofit corporation pursuant to the provisions of Chapter 55A of the North Carolina General Statutes.

ARTICLE I
NAME

The name of the corporation is STERLING MANOR OWNERS ASSOCIATION, INC.

ARTICLE II
DURATION

The period of duration of the corporation shall be perpetual.

ARTICLE III
PURPOSES

The purposes for which the corporation is organized are:

- a. To provide for the management, maintenance, preservation, administration and operation of a Residential Condominium subdivision development known as "STERLING MANOR CONDOMINIUMS" as set forth in that certain Declaration of Covenants, Conditions and Restrictions to be recorded in the Office of the Register of Deeds for Cumberland County, North Carolina (the "Declaration").
- b. To promote the health, safety and welfare of the "Owners" (as defined in the Declaration) within the jurisdiction of this corporation.
- c. To engage in any and all lawful activities incidental to the foregoing purposes, except as restricted herein.

ARTICLE IV
POWERS

In order to carry out the purposes for which this corporation has been formed, the corporation shall have all of the powers set forth in Chapter 55A of the North Carolina General Statutes including, but not by way of limitation, the power:

- a. To exercise all of the privileges and powers and to perform all of the duties and obligations of the corporation as set forth in the Declaration and the By-Laws attached thereto;
- b. To fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration, to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the corporation, including all licenses, taxes or governmental charges levied or imposed against the property of the corporation;
- c. To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the corporation;
- d. To borrow money, and with the consent of eighty percent (80%) of the allocated interest of the membership, to mortgage, pledge, grant a deed of trust of hypothecate any or all of the Common Area as security for money borrowed or debts incurred subject to the property rights of the members of the corporation as provided in the Declaration and the Bylaws attached thereto;
- e. To dedicate, sell or transfer all or any part of the Common Area (as defined in the Declaration) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the members of the corporation as provided in the Declaration and the Bylaws attached thereto.

ARTICLE V NO PECUNIARY GAIN

This corporation is a nonprofit corporation, and no part of the net earnings (if any) of the corporation shall inure to the pecuniary benefit of its members, officers or directors.

ARTICLE VI MEMBERSHIP AND VOTING RIGHTS

Membership in the corporation shall be limited to the owners of fee simple interests (the "Owners") in units (the "Units") in the STERLING MANOR CONDOMINIUMS, and every Owner of a Unit shall automatically be a member of the corporation. Members shall not include persons or entities who hold an interest merely of the corporation. Members shall not include persons or entities who hold an interest merely as security for the payment of performance of an obligation. Membership in the corporation shall be appurtenant to and may not be separated from Unit ownership.

The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all Owners of Units, with the exception of Highland

Development Partners, LLC (the "Declarant"), and shall be entitled to votes allocated to each Unit in accordance with Exhibit B attached to the Declaration and incorporated herein by this reference. The votes allotted to each Unit have been determined by ratio of one (1) vote for every Unit. The Declarant reserves the irrevocable right, power and authority for as long as there exists a Class B membership to amend the Declaration to reflect the addition or creation of any Units or Common Area or the withdrawal of any Unit and the changes necessitated thereby to include changes in the expense responsibilities of each Unit Owner in and for said Common Area and voting rights in the corporation of each Unit Owner; provided, however, that such changes shall be based upon the aforesaid ratio based upon one (1) vote for each Unit.

Class B: Class B members shall be the Declarant and shall be entitled to the votes allotted to each Unit owned by the Declarant as are determined by a ratio based upon one (1) vote for every Unit. The Class B membership shall cease and be converted to a Class A membership respectively upon the happening of either on the following events, whichever occurs earlier:

- a) Declarant no longer owns a Unit in Sterling Manor Owners Association, Inc., a Condominium; or
- b) on January 1, 2010.

In the event fee simple title to a Unit is owned of record by more than one person or entity, all such persons or entities shall be Members of the corporation, but the votes with respect to any such jointly owned Unit shall be cast as hereinafter provided. If the fee simple title or a leasehold interest to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the votes with respect to any such jointly owned Unit may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Unit shall have the sole right to cast votes allocated to the Unit. If more than one of the joint Owners vote or more than one life estate holder in a Unit vote, the unanimous action of all joint Owners or joint life estate holders voting shall be necessary to effectively cast the votes allocated to the particular Unit. Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other of such joint Owners.

In no event may the votes which may be cast with respect to any Unit be divided among joint Owners of the Unit or cast in any manner other than as a whole, it being the intention that there be no "splitting" of votes that may be cast by any Member or Members.

ARTICLE VII REGISTERED AGENT AND OFFICE

The address of the initial registered office and principal office in the State of North Carolina is P.O. Box 53421, Fayetteville, North Carolina 28305, and the name of the initial registered agent at such address is Jimmy Smith. The physical address is 1206 Longleaf Drive, Fayetteville, NC 28305

ARTICLE VIII
EXECUTIVE BOARD

The affairs of the corporation shall be managed by an Executive Board of 3 members who need not be members of the corporation. The number of members of the Executive Board may be changed by amendment of the By-Laws of the corporation. The number of persons constituting the initial Executive Board is 3 and the names and address of the persons who are to act as initial members of the Executive Board until the first annual meeting of the members or until their successors are elected and qualified are:

<u>Name</u>	<u>Address</u>
Jimmy Smith	P.O. Box 53421
George Rose	Fayetteville, NC 28305
D. Ralph Huff	

The initial Board shall serve until their successors are elected or appointed at the first Annual Membership Meeting. Each Director elected by the Membership to replace an initial Director upon the expiration of his term of office shall serve for a term of office ending with the second Annual Meeting of members following his election or until his successor shall be elected and qualify. The Executive Board shall be appointed by the Declarant until the earlier of (i) 120 days after conveyance of seventy-five percent (75%) of the Units (including any Units which may be created pursuant to special declarant rights) to a Unit owner other than declarant; (ii) two years after declarant has ceased to offer Units for sale in the ordinary course of business; (iii) two years after any development right to add new Units was last exercised, or (iv) the date upon which declarant voluntarily surrenders control of the subdivision. Provided however, that no later than sixty (60) days after conveyance of Units to which fifty percent (50%) of the total percentage of ownership appertain to unit Owners other than the Declarant, at least one (1) Member, and not less than twenty-five percent (25%) of the Directors shall be elected by after conveyance of Units to which one hundred percent (100%) of the total percentage of ownership appertain to Unit Owners other than the Declarant, not less than one hundred percent (100%) of the Directors shall be elected by Unit Owners other than the Declarant. At such time as the membership controls the election of a majority of the Executive Board, the number of Directors shall become four (4).

ARTICLE IX
AMENDMENTS

These Articles may be amended only by a vote of the Owners of Units to which at least sixty-seven percent (67%) of the ownership of the corporation is allocated. Provided, however, where a larger vote in the corporation is required for the corporation to take or refrain from taking a specific action, as set forth in the Declaration, no amendment of these Articles shall be made unless and until the Owners holding such larger percentage of the vote in the corporation approve said amending instrument. No amendment to these Articles shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the consent of

such Mortgagee. No amendment to these Articles shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant. Notwithstanding anything contained herein to the contrary, the Declarant shall have the unfettered right to amend these Articles without the consent of the Class A membership so long as Class B membership exists.

No amendment of these Articles, Bylaws and Declaration shall be effective until prepared, executed and certified on behalf of the corporation by any officer designated for that purpose by the Executive Board or, in the absence of designation, by the President of the corporation, and recorded in the Office of the Register of Deeds of Cumberland County, North Carolina.

ARTICLE X
INCORPORATOR

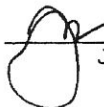
The name and address of the incorporator:

Jeff Dunham
P.O. Box 87009
Fayetteville, NC 28304

ARTICLE XI
DISSOLUTION

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, and the return, transfer or conveyance of all assets held by the corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, subject to these articles and the bylaws, distribute the remaining assets of the corporation as provided in the plan of dissolution.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal this 9th day of January, 2004.

 (SEAL)
Jeff Dunham, Incorporator