

BYLAWS
OF
HIGHLAND RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Highland Ridge Homeowners Association, Inc. hereinafter referred to as the "Association." The initial principal office of the Association shall be located at 3340 Gillespie Street, Fayetteville, NC 28306, but meetings of Members and the meetings of the Executive Board may be held at such places within the State of North Carolina as may be designated by the Executive Board.

ARTICLE II

DEFINITIONS

Section 1. Additional Property. "Additional Property" shall mean and refer to the property described in Schedule A, attached hereto and incorporated herein by this reference, together with any other property located adjacent to the Properties. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property.

Section 2. "Appropriate Local Governmental Authority" shall mean and refer to any local governmental authority having jurisdiction over the Properties.

Section 3. "Association" shall mean and refer to Highland Ridge Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns, formed in accordance with the North Carolina Non Profit Corporation Act.

Section 4. "Common Elements" or "Common Area" shall mean all real property owned by the Association (whether owned in fee or by way of license or easement) or leased by the Association, other than a Lot.

Section 5. "Declarant" shall mean and refer to Linkhaw Development Group, LLC, a North Carolina limited liability company, as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, architectural review, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

Section 6. "Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Robeson County, North Carolina. Except as otherwise herein defined, the capitalized terms used herein shall have the meaning set forth in the Declaration.

Section 7. “Declarant’s Development Period” shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Robeson County, North Carolina, and continuing for so long as Declarant shall have the right to annex any portion of the Additional Property pursuant to the provisions of Article X, Section 4 of the Declaration or Declarant or any affiliate of Declarant shall own any portion of the Properties.

Section 8. “Lot” shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Properties intended for single-family residential purposes and shall include any improvements constructed thereon and “Lots” shall refer to all such lots collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a “Lot” as defined in this Declaration and each newly configured lot shown on the revised plat shall be a “Lot” as defined in this Declaration.

Section 9. “Master Plan” shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

Section 10. “Member” shall mean and refer to every person or entity who holds Membership with voting rights as provided in the Declaration and in Article III of these Bylaws.

Section 11. “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 such interest merely as security for the performance of an obligation.

Section 12. “Period of Declarant Control” shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds of Robeson County, North Carolina, and continuing for so long as Declarant or any affiliate of Declarant shall own any portion of the Properties. In the event that Declarant ceases to own any of the Properties but thereafter annexes Additional Property to this Declaration, the Period of Declarant Control shall be reinstated until Declarant shall again cease to own any of the Properties.

Section 13. “Properties” shall mean and refer to all of the property hereby or hereafter made subject to the terms, covenants and conditions of the Declaration of Covenants, Conditions and Restrictions for Highland Ridge, as amended from time to time.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. All Owners and Declarant shall be Members of the Association. The voting rights of the Members shall be as provided by the Declaration. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine. The President of the Association shall have the authority to require, upon giving at least ten (10) day's written notice, that such multiple Owners of a Lot file a Certificate with the Secretary of the Association, signed by all of the Owners, designating the person entitled to cast the vote for such Lot. Such Certificate shall be valid until revoked by a subsequent Certificate. If such Certificate is not filed when required, the vote of such Owners shall not be considered in determining the requirements for a quorum or for any other purpose.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the Common Elements as provided in the Declaration. Any Owner may delegate such Owner's right of enjoyment to the Common Elements and facilities to the members of such Owner's family, to Owner's tenants, or to contract purchasers who reside on the Property.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter at such time and place as the Executive Board may prescribe.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Executive Board, or upon written request of the Members who are entitled to vote ten percent (10%) of all the votes of the Membership of the Association.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by Member before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the Membership of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from

time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of Member's Lot.

Section 6. Parliamentary Rules. Roberts Rules of Order (latest edition), or such other similar publication as may be approved by the Executive Board, shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these Bylaws or with the Statutes of the State of North Carolina.

ARTICLE V

EXECUTIVE BOARD; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by an Executive Board the members of which, during the Period of Declarant Control, need not be Members of the Association. During the Period of Declarant Control, the Executive Board shall consist of three (3) persons. Following the expiration of the Period of Declarant Control, the Executive Board shall consist of no less than three (3) and no more than five (5) persons, as determined by the Executive Board and the Declaration, a majority of whom shall be Owners.

Section 2. Term of Office. At the first annual meeting at which the Members are entitled to elect all of the members of the Executive Board, at least two-thirds of the members of the Executive Board shall be elected for a term of two (2) years and the remaining members of the Executive Board shall be elected for a term of one (1) year; and at each annual meeting thereafter the Executive Board members shall be elected for a term of two (2) years.

Section 3. Removal; Filling Vacancies. Any Executive Board member elected by the Members of the Association may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Vacancies in the Executive Board may be filled until the date of the next Annual Meeting of the Association or until a Special Meeting of the Members of the Association called for such purpose by the remaining Executive Board members, except that should any vacancy in the Executive Board be created by the removal or resignation of any person appointed by a Declarant to serve as a member of the Executive Board, such vacancy shall be filled by a Declarant appointing, by written instrument delivered to any Officer of the Association, such successor to fill the vacated Executive Board position for the unexpired term thereof.

Section 4. Compensation. No Executive Board member shall receive compensation for any service such Member may render to the Association. However, any Executive Board member may be reimbursed for such Member's actual expenses incurred in the performance of such Member's duties. In addition, no financial payments, including payments made in the form of goods or services, may be made to any member of the Executive Board or to a business, business associate, or relative of a member of the Executive Board except as expressly provided by these Bylaws or payments for services or expenses paid on behalf of the Association which are approved in advance by the Executive Board.

Section 5. Action Taken Without a Meeting. The Executive Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Executive Board members. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board members.

ARTICLE VI

NOMINATION AND ELECTION OF EXECUTIVE BOARD MEMBERS

Section 1. Appointment. Declarant from time-to-time shall appoint the members of the Executive Board which it shall be entitled to appoint in accordance with the provisions of the Declaration by written instrument presented to an Officer of the Association. Each of said individuals so appointed by a Declarant shall be deemed and considered for all purposes an Executive Board member, and shall thenceforth perform the offices and duties of such Executive Board member until the Executive Board member's successor shall have been appointed or elected in accordance with the provisions of these Bylaws. Any Executive Board member designated by and selected by a Declarant need not be a Member of the Association.

Section 2. Nomination. Nomination for the election of any Executive Board member Declarant is not entitled to appoint pursuant to the terms of the Declaration shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting to serve until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 3. Election. All Executive Board members whom Declarant shall not be entitled to designate and select under the terms and provisions of the Declaration shall be elected by a plurality of the votes cast at the Annual Meeting of the Members of the Association. At least a majority of the Executive Board members selected by the Members of the Association shall be Members of the Association or employees, shareholders, members or partners of a corporate, limited liability company or partnership Member of the Association. Election to the Executive Board shall be by secret written ballot. At such election the Members of the Association or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Association shall publish the names and addresses of all members of the Executive Board within thirty (30) days after a Member is either elected or appointed to the Executive Board.

ARTICLE VII

MEETINGS OF EXECUTIVE BOARD MEMBERS

Section 1. Regular Meetings. Regular meetings of the Executive Board shall be held at such time and place and with such notice as shall be determined by resolution of a majority of the Executive Board members. At regular intervals, the Executive Board shall provide Members

an opportunity to attend a portion of the regular meetings of the Executive Board and to speak to the Executive Board about their issues and concerns. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

Section 2. Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association, or by any two Executive Board members, after not less than three (3) days' notice to each Executive Board member.

Section 3. Quorum. A majority of the number of Executive Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Executive Board members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers. In addition to the powers enumerated in the Declaration and the Association's Articles of Incorporation, the Executive Board shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof.
- (b) after notice and an opportunity to be heard, suspend the voting rights and right to the use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment, dues or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations.
- (c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.
- (d) declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board.
- (e) contract for the benefit of the Properties and to delegate 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 Executive Board or Membership of the Association. The undertakings and contracts authorized by the initial Executive Board (including contracts for the management of Highland Ridge) shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Executive Board duly elected by the Membership after the recording of the Declaration, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Executive Board of the Association in accordance with the Declaration, the Articles of Incorporation and these Bylaws; and

provided further that, any undertaking or contract entered into by the Association at a time before a Declarant has transferred control of the Association to Lot Owners shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other party(ies) thereto.

- (f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. It shall be the duty of the Executive Board to:

- (a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or any special meeting when such statement is requested in writing by the Members entitled to cast at least one-fourth (1/4) of the votes of the Membership of the Association.

- (b) supervise all Officers, agents and employees of the Association, and to see that their duties are properly performed.

- (c) as more fully provided in the Declaration, to:

- (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

- (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period (provided, however, that failure of any Owner to receive such notice shall in no way affect the obligation of such Owner to pay annual assessments); and

- (3) in the discretion of the Executive Board, foreclose the lien against any property, pursuant to Section 47F-3-116 of the North Carolina General Statutes, for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

- (d) issue, or to cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

- (e) procure and maintain insurance covering the Association, its Executive Board members, Officers, agents and employees and procure and maintain adequate hazard insurance, to the extent applicable, on the real and personal property owned by the Association as follows:

- (1) A policy of property insurance in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundations, excavations, streets and parking facilities) of the Common Elements

owned by the Association (including all building service and related equipment) with an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement. Such insurance policy must protect against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief and windstorm. If coverage is available, the policy may include coverage for water damage.

(2) A comprehensive policy of public liability insurance insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or Property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

(3) If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the Officers or Executive Board members of the Association can and do directly receive or disburse the monies of the Association), the Executive Board shall maintain fidelity coverage against dishonest acts by the Association's Officers, Executive Board members, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves; shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association and to any Institutional Lender who has given the notice required under Article X of the Declaration.

(4) If any of the insurance described above is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners.

(5) Insurance policies carried pursuant to this subsection shall provide that (a) each Owner is an insured person under the policy to the extent of the Owner's insurable interest; (b) the insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household; (c) no act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and (d) if, at the time of a loss under the policy, there is other insurance in the name of the

Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(f) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) cause the Common Elements to be maintained in accordance with the provisions of the Declaration.

(h) maintain any dedicated streets within the Properties which are not accepted for dedication by an appropriate governmental authority.

(i) maintain such properties and perform such services as set out in the Declaration.

(j) if and when appropriate pursuant to and as provided for in Article VII of the Declaration, cause the exterior of the Lots and the dwellings located thereon to be maintained.

(k) provide, within thirty (30) days after adoption of any proposed budget for the Association, all Owners with a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Owners in the Association or any larger vote specified in the Declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of the Association shall be a president and one vice-president, who shall at all times be members of the Executive Board, a secretary, assistant secretary, and a treasurer, and such other Officers as the Board may from time to time by resolution create, including additional vice-presidents who need not be members of the Executive Board. The Association shall publish the names and addresses of all Officers within thirty (30) days of such Officers being elected by the Executive Board.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Executive Board following each annual meeting of the Members.

Section 3. Term; Compensation. The Officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve. No Officer shall receive compensation for services rendered in such capacity to the Association; provided, however, that

an Officer may be reimbursed for actual expenses incurred in the performance of such duties. In addition, no financial payments, including payments made in the form of goods or services, may be made to any Officer or member of the Executive Board or to a business, business associate, or relative of an Officer or member of the Executive Board except as expressly provided by these Bylaws or payments for services or expenses paid on behalf of the Association which are approved in advance by the Executive Board.

Section 4. Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer replaced.

Section 7. Duties. The duties of the Officers are as follows:

(a) President. The president shall preside at all meetings of the Executive Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of such Officer's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of such Officer by the Board.

(c) Secretary and Assistant Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Association together with their addresses, and shall perform such other duties as required by the Board. The assistant secretary shall assist the secretary and act in the place and stead of the secretary in the event of such Officer's absence.

(d) Treasurer. Unless an outside management company has been contracted, the treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by an independent certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members. The treasurer may be the same person as the secretary.

ARTICLE X

COMMITTEES

The Executive Board shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Executive Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

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, and any Institutional Lender, as that term is defined in the Declaration, including records of meetings of the Association and the Executive Board. The Declaration, the Articles of Incorporation and the 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. All financial and other records, including records of meetings of the Association and the Executive Board, shall be made reasonably available for examination by any member and the member's authorized agents. The Executive Board shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. The Executive Board shall also make an annual income and expense statement and balance sheet available to any Member at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. The Executive Board, upon written request, shall furnish a Member or the Member's authorized agent a statement setting forth the amount of unpaid assessments and other charges against a Lot. The statement shall be furnished within ten (10) days after receipt of the request and is binding on the Association, the Executive Board and every Member.

ARTICLE XII

WORKING CAPITAL FUND

In order to insure that the Association will have sufficient monies available to meet its initial operational expenses, the Association shall establish a Working Capital Fund. At the time of the closing of the first sale of each Lot to a party other than an assignee of Declarant's rights, the purchaser thereof shall pay into such Fund an amount equal to two-twelfths (2/12ths) of the current annual assessment established by the Association. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

ARTICLE XIII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the

property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. The Association may charge a reasonable late fee not to exceed the greater of Twenty Dollars (\$20.00) per month or ten percent (10%) of any unpaid assessment, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date. In addition, if the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate from time to time established by the Executive Board of the Association, said rate not to exceed eighteen percent (18%) per annum, and 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 interest, costs and reasonable attorney's fees of any such action shall be added to the amount of the assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Elements or abandonment of such Owner's Lot.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Highland Ridge Homeowners Association, Inc., North Carolina.

ARTICLE XV

AMENDMENTS

Section 1. These Bylaws may be amended in any manner provided for in Chapter 55A of the North Carolina Non Profit Corporation Act. No amendment purporting to revoke or curtail any right herein conferred to a Declarant shall be effective unless executed by Declarant and no amendment relating to the maintenance or ownership of any permanent storm water control measures shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection.

Section 2. In the case of any conflict between the Articles of Incorporation and the Bylaws, the provisions of the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the provisions of the Declaration shall control; and in the case of any conflict between the Articles and the Declaration, the provisions of the Declaration shall control.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII

INDEMNIFICATION

Every person who is or shall be or shall have been a member of the Executive Board or Officer of the Association and such Member's or Officer's personal representative shall be indemnified by the Association against all costs and expenses reasonably incurred by or imposed on such Member or Officer in connection with or resulting from any action, suit or proceeding to which such Member or Officer may be made a party by reason of such Member or Officer being or having been a member of the Executive Board or Officer of the Association or any subsidiary or affiliate thereof, except in relation to such matters as to which such Officer or Member shall finally be adjudicated in such action, suit or proceeding to have acted in bad faith or to have been liable by reason of willful misconduct in the performance of such Member's or Officer's duty as such member of the Executive Board or Officer. For purposes of this provision, "costs and expenses" shall include, without limiting the generality thereof, attorneys' fees, damages and reasonable amounts paid in settlement. Nothing contained in these Bylaws shall be deemed to eliminate or reduce the protection from personal liability granted to members of the Executive Board by the North Carolina Non Profit Corporation Act and by the Articles of Incorporation of the Association.

CERTIFICATION TO BYLAWS

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Highland Ridge Homeowners Association, Inc., a North Carolina nonprofit corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted at a meeting of the Executive Board thereof, held on the _____ day of _____, 2022.

HIGHLAND RIDGE HOMEOWNERS ASSOCIATION, INC.

By:

Tonnie Prevatte, Secretary

SOSID: 2512188
Date Filed: 10/26/2022 8:11:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C2022 298 01628

ARTICLES OF INCORPORATION

OF

HIGHLAND RIDGE HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55-A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a nonprofit corporation and hereby certifies:

ARTICLE I

The name of the corporation is **Highland Ridge Homeowners Association, Inc.** (hereinafter called the "Association").

ARTICLE II

The principal and registered office of the Association is located at **3340 Gillespie Street, Fayetteville, Cumberland County, NC 28306.**

ARTICLE III

CT Corporation System whose address is **160 Mine Lake Court, Suite 200, Raleigh, Wake County, NC 27615** is hereby appointed the initial registered agent of the Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit to the Members thereof and no part of the Association's net income shall inure to the benefit of any of its Officers, Executive Board members or Members or any other private individual. The purposes and objects of the Association shall be to provide for administration, maintenance, preservation and architectural control of the Lots and Common Elements within that certain tract of property described as follows:

ALL those certain pieces, parcels or tracts of land situate, lying and being in the St. Pauls Township, County of Robeson, State of North Carolina, shown on the plat entitled "Revised Major Subdivision Plat of Highland Ridge Subdivision" recorded on September 6, 2022, in Plat Book M60, Page 111 of the Office of the Register of Deeds of Robeson County, North Carolina (the "Properties");

and to promote the health, safety and welfare of the residents within the above described property, in accordance with the terms and conditions of that certain Declaration of Covenants, Conditions and Restrictions for Highland Ridge Subdivision (hereinafter called the "Declaration") now or hereafter made applicable to the Properties and recorded or to be recorded in the Office of the Register of Deeds of Robeson County, North Carolina, and as the same may

be amended from time to time as therein provided, the Declaration being incorporated herein as if set forth at length (unless otherwise defined, capitalized terms shall have the same meaning as set forth in the Declaration), and for this purpose to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration.
- (b) fix, levy, collect and enforce payment of, by any lawful means, 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 Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association.
- (c) 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 Association.
- (d) borrow money, and in accordance with the terms and conditions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.
- (e) dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized Officers, agreeing to such dedication or transfer, has been recorded.
- (f) pursuant to Section 47F-3-112 of the Planned Community Act and upon approval of the Members as required by the Declaration, to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period (as defined in the Declaration), Declarant (as defined in the Declaration), must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.
- (g) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes provided that any such merger or consolidation shall have the assent of the Members entitled to cast at least two-thirds (2/3) of all outstanding votes.

(h) have and 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.

ARTICLE V

MEMBERSHIP

The qualification of the Members and the manner of their admission to Membership and termination of such Membership shall be as follows:

1. All Owners shall be Members of the Association, and no other person or entity shall be entitled to Membership.

2. Membership shall be established by the acquisition of fee title to a Lot, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the Membership of any party shall be automatically terminated upon such party being divested of all title to or such party's entire fee ownership interest in any Lot, except that nothing herein contained shall be construed as terminating the Membership of any party who may own two or more Lots, or who may own a fee ownership interest in two or more Lots, so long as such party shall retain title to or a fee ownership interest in any Lot.

3. The interest of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to such Member's Lot. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the Membership and for the purposes authorized herein, in the Declaration and in the Bylaws which may be hereafter adopted.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A: The Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, except for a Declarant, during any Period of Declarant Control. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B: Declarant shall be the Class B Member and a Declarant shall be entitled to three (3) votes for each lot shown on the "Master Plan," as defined in the Declaration, as developed or to be developed as a part of Highland Ridge Subdivision which has not been conveyed by a Declarant to a Class A Member. 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:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional lots developed or to be developed as a part of Highland Ridge Subdivision sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to three (3) votes for each lot shown on the Master Plan as developed or to be developed as a part of Highland Ridge Subdivision which has not been conveyed by Declarant or an affiliate of Declarant to a Class A Member) greater than those of the Class A membership; or,

(ii) ten (10) years from the date the Declaration is recorded in the Office of the Register of Deeds, Robeson County, North Carolina.

Except as otherwise provided above, on all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote. The vote of each Lot may be cast or exercised by the Owner or Owners of each Lot in such manner as may be provided in the Bylaws hereafter adopted by the corporation.

ARTICLE VII

EXECUTIVE BOARD

The affairs of the Association shall be managed by an Executive Board the members of which, during the Period of Declarant Control (as defined in the Declaration) need not be Members of the Association. During any Period of Declarant Control, Declarant shall have the right to appoint all of the members of the Executive Board. Declarant shall from time-to-time notify the Association in writing of the names and addresses of the members of the Executive Board appointed by Declarant. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association. The number of members of the first Executive Board shall be three (3). The number of Executive Board members on subsequent Boards shall be as set forth in the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of Executive Board members until the selection of their successors are:

<u>Names</u>	<u>Addresses</u>
Mike Smith	3340 Gillespie Street Fayetteville, NC 28306
Beth Hunt	6684 Highway 41 N. Lumberton, NC 28358

Tonnie Prevatte

305 Glasgow Drive
Lumberton, NC 28358

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by the Members entitled to cast not less than eighty percent (80%) of the votes of the Association; provided, however, the Association may not be dissolved during Declarant's Development Period without Declarant's prior written consent. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to a nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

DURATION

The corporation shall exist perpetually.

ARTICLE X

AMENDMENTS

Amendment of these Articles may be made in any manner provided for in Chapter 55A of the North Carolina Non Profit Corporation Act, provided, however, no amendment purporting to revoke or curtail any right herein conferred to a Declarant shall be effective unless executed by a Declarant, and no amendment relating to the maintenance or ownership of any permanent storm water control measures shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection. In the event of any conflict between these Articles and the Declaration, the provisions of the Declaration shall control.

[Remainder of this page intentionally left blank]

ARTICLE XI
INCORPORATOR

The name and address of the incorporator is as follows: Brian W. Byrd, Fox Rothschild LLP/PO Box 21927, Greensboro, Guilford County, North Carolina 27420-1927.
230 N. Elm Street, Greensboro, Guilford County North Carolina 27401

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 25th day of October, 2022.

DocuSigned by:
 _____ (SEAL)
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Brian W. Byrd, incorporator

Brian W. Byrd, Incorporator