

BYLAWS OF
SOUTH FOREST SERVICE CENTER CONDOMINIUM ASSOCIATION, INC.

ARTICLE 1
PRINCIPAL OFFICE AND REGISTERED AGENT

Section 1.1 **Name:** The name of the corporation is SOUTH FOREST SERVICE CENTER CONDOMINIUM ASSOCIATION, INC. ("Association").

Section 1.2 **Principal and Registered Office:** The Association shall have and maintain in the State of North Carolina a principal and registered office, and a registered agent whose business address is identical with such registered office. The registered office may be, but need not be, identical with the principal office in the State of North Carolina, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 1.3 **Other Offices:** The Association may have offices at such other places, as the Board of Directors may from time to time determine, or as the affairs of the Association so require.

Section 1.4 **Meetings of Members and Directors:** Meetings of Members and Directors may be held at such places within the State of North Carolina and the County of Wake as may be designated from time to time by the Board of Directors.

ARTICLE 2
DEFINITIONS

For the purposes of these Bylaws, capitalized terms not specifically defined herein shall have the meanings ascribed to them in the Declaration of Condominium establishing South Forest Service Center Condominiums, as the same is or may be amended from time to time (as amended or may be amended in the future the "Declaration").

ARTICLE 3
PLAN OF UNIT OWNERSHIP

Section 3.1 **Lands Submitted to Unit Ownership.** Grady, L.L.C., a North Carolina limited liability company ("Declarant,") is the owner of certain lands and easement rights located in Wake County, North Carolina and has submitted or shall submit said lands and rights and the improvements thereon to unit ownership pursuant to the North Carolina Condominium Act by filing the Declaration pursuant to Chapter 47C of the North Carolina General Statutes. The lands and improvements submitted to unit ownership by the Declaration and all of the lands subsequently added and submitted to unit ownership as provided therein shall be known as South Forest Service Center Condominiums (the "Condominium").

Section 3.2 **Applicability of Bylaws.** All present and future Unit Owners, mortgagees, devisees, legatees and occupants of Units within the Condominium, and their agents, servants, and employees, and any other persons who may make use of the facilities of the Condominium in any manner, are subject to the Declaration, these Bylaws, the Rules and Regulations, and any other rules duly passed.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit by any party shall conclusively establish the acceptance and ratification by such party of these Bylaws

(and the Rules and Regulations adopted pursuant hereto), as they may be amended from time to time, and shall constitute an agreement by such parties to comply with these Bylaws.

ARTICLE 4 MEMBERSHIP AND MEETINGS OF MEMBERS

Section 4.1 **Members:** Each Unit Owner shall be a Member of the Association and shall remain a Member until ceasing to be a record owner of a Unit.

Section 4.2 **Annual Meetings:** The first annual meeting of the Members shall be held at a place to be designated by the Board within one (1) year from the date of incorporation of the Association, any subsequent, regular, annual meeting of the Members shall be held on the same day of the same month of each year thereafter. If the day of the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day of the following week which is not a legal holiday. At the annual meeting, the president of the Association, or such other officer designated by the president, shall submit to the president a report of the past year's activities, a financial summary of the Association's standing, and such other matters as may be raised consistent with the notice requirements of § 55A-7-05 and § 55A-7-22(d) of the Act. At each annual meeting the Members shall elect the Board of Directors.

Section 4.3 **Special Meetings:** Special meetings of the Members may be called at any time: (a) by the president; (b) by a majority of the Board of Directors; or (c) within thirty (30) days after the Members holding at least 20% of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting have signed, dated and delivered to the Association's secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held. No business shall be transacted except that which is stated in the notice to the Members of the special meeting.

Section 4.4 **Notice of Meetings:** Written notice of each meeting of the Members shall be given by, or at the direction of, the Declarant, the president or the secretary of the Association, or the person authorized to call the meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, at least ten (10) days before, but not more than fifty (50) days before, such meeting to each Member entitled to vote thereat, addressed to the Members' 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, date and hour of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer. Notice by other method shall be deemed given when said notice is deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Association, the postage thereon prepaid, or delivered by hand to such address. Attendance by a Member at any meeting of Members shall be a waiver of notice to him as to the time and place and purpose thereof, except as provided in Section 4.5 hereof. Attendance at a meeting or a waiver of notice signed by one Owner in the event of multiple ownership of a Unit shall be considered a waiver of notice as to all co-Owners of that Unit, except as provided in Section 4.5 hereof. Notice to one of two or more co-Owners of a Unit shall constitute notice to all co-Owners. It shall be the obligation of every Member to immediately notify the Association in writing of any change in address and it shall be the responsibility of any new Member to immediately notify the Association of the fact of a transfer of ownership.

Section 4.5 **Waiver of Notice:** Any Unit Owner or lessee (if given the right to vote pursuant to the Articles of Incorporation of the Association ("Articles")), at any time, may waive notice of any meeting of the Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Owner at any meeting of the Association shall constitute a waiver of notice by him of

the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the voting Members are present at any meeting of the Association, no notice shall be required, and any business may be transacted at such meeting.

Section 4.6 **Quorum:** The presence at the meeting of Members entitled to cast, or proxies entitled to cast 20% of the total votes in the Association shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. Another meeting may be called subject to the notice requirements set forth above.

Section 4.7 **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 (i) conveyance by the Member of his Unit, (ii) upon written notice of revocation filed with the secretary, or (iii) upon the lapse of twelve (12) months from the date of execution unless the proxy provides a shorter term.

Section 4.8 **Voting:** At every meeting of Members, each Member shall have the right to cast on each question the number of votes as provided in the Declaration for the Units owned by such Member. Fifty-One percent (51%) of the eligible votes entitled to be cast by Members present at the meeting, in person or by proxy, shall be a majority unless the question is one upon which, by express provision of statute or the Articles, the Declaration, or of these Bylaws, a different vote is required, in which case such express provision shall govern. If more than one person or entity is the Owner of any Unit, then the Association membership voting right appurtenant to such Unit shall be exercised as such Owners among themselves shall determine; provided, that no fraction of one vote may be cast by any Member. In the event and so long as such co-Owners of a Unit are unable to agree on the manner in which the vote appurtenant to such Unit shall be cast, then such vote shall not be regarded and shall not be counted. The vote of any Owner who is a corporation, trust, partnership, or limited liability company may be cast by any officer, trustee, partner, or manager, as the case may be, and unless objection by other such officer, trustee or partner of such Owner is noted at the meeting, the chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote.

Section 4.9 **Loss of Right to Vote:** The vote of any Member who is shown on the books or records of the Association to be more than thirty (30) days delinquent on any payment due to the Association shall not be an eligible to vote and shall not be counted for the purpose of deciding any question so long as such delinquency is not cured; nor shall such Member be eligible to be elected to the Board of Directors.

Section 4.10 **Action Without Meeting:** Any action required to be taken at a meeting of Members may be taken without meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Members entitled to vote with respect to the subject matter thereof and filed with the secretary of the Association as part of the corporate records, whether done before or after the action so taken.

ARTICLE 5
BOARD OF DIRECTORS - ELECTIONS - TERM OF OFFICE

Section 5.1 **Number:** The affairs of the Association shall be managed by a board (hereinafter referred to as the "Board" or the "Board of Directors") of no less than three (3) and no more than five (5) directors. The initial Board of Directors shall consist of three (3) Directors. The initial Directors are those named in the Articles, or, if none are named in the Articles, those named at the Organizational Meeting of the Association. At each annual meeting of the Association, the Members shall determine by resolution the number of and persons who shall serve as Directors on the Board of Directors until the next annual meeting. Vacancies on the Board not filled by Members shall be treated as vacancies to be filled by and at the discretion of the Board.

Section 5.2 **Term of Office and Qualifications:** At the first annual meeting of the Association, there shall be a Board consisting of three (3) members, all of whom shall be appointed by the Declarant.

During the Declarant Control Period, the Declarant or a person designated by it, shall have the right to appoint and remove Directors, with or without cause; provided that not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than the Declarant, at least one Director and not less than twenty-five percent (25%) of the Directors shall be elected by Unit Owners other than the Declarant; not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than the Declarant, not less than thirty-three percent (33%) of the Directors shall be elected by Unit Owners other than the Declarant; not later than the termination of the Declarant Control Period, the Unit Owners shall elect the Directors.

At the first annual meeting immediately after the termination of the Declarant Control Period, all of the Directors shall be elected; one (1) of the Directors so elected shall serve for a term of one (1) year, one (1) of the Directors so elected shall serve for a term of two (2) years, and one (1) Director shall serve for a term of three (3) years; and their successors shall be elected for two (2) year terms.

Once elected, a Director shall hold office until his successor has been duly elected and has qualified. The term of a Director filling a vacancy shall expire at the end of the unexpired term of the vacancy that such Director is filling.

Section 5.3 **Removal/Resignation:** Until the end of the Declarant Control Period, but in no event for a period of less than two (2) years from the effective date hereof, any Director may be removed from the Board with or without cause, by Declarant. After termination of the Declarant Control Period, but in no event earlier than one (1) year from the effective date hereof, any Director may be removed, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a Director, his successors shall be selected by the remaining Directors and shall serve for the unexpired term of his predecessor. A Director may resign at any time by communicating his resignation in writing to the Board of Directors of the Association. The resignation is effective when communicated unless it specifies a later effective date.

Section 5.4 **Compensation:** No Director shall receive compensation for any services he may render to the Association. However, any Director may be reimbursed for his actual expense incurred in the performance of his duties.

Section 5.5 **Action Taken Without A Meeting:** The Directors or a committee thereof 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 Directors or members of the committee. Any action so approved shall have the same effect as though taken at a meeting of the Directors or the committee.

Section 5.6 **Vacancies:** Any vacancies occurring on the Board of Directors and any directorship to be filled by reason of any increase in the number of Directors shall be filled by the Board of Directors, and any Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of its predecessor in office.

Section 5.7 **Right of Declarant to Representation on the Board of Directors of the Association.** Anything contained herein to the contrary notwithstanding, including, but not limited to the provisions of section 5.2 hereof, during the period which is the greater of (i) the Declarant Control Period, or (ii) two (2) years from the incorporation of the Association, Declarant shall have the right to appoint all of the Directors of the Association. Declarant shall have the right to remove any person or persons selected by it to act.

Section 5.8 **Elected Board Members.** Every elected Director shall be a Unit Owner or co-Owner, or the spouse of a Unit Owner or co-Owner, unless the Unit Owner is a corporation, partnership, trust, limited liability company, or other legal entity or other than a natural person(s), in which event any officer, director, agent or employee or such corporation, partner of such partnership, beneficiary of such trust, or member or manager of such other legal entity, shall be eligible to serve as a member of the Board, but Directors designated by the Declarant need not be Unit Owners.

ARTICLE 6 MEETINGS OF DIRECTORS

Section 6.1 **Regular Meetings:** Regular meetings of the Board shall be held at least annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2 **Special Meetings:** Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) Directors, after not less than ten (10) days notice to each Director.

Section 6.3 **Quorum:** A majority of the number of Directors fixed by the Articles shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, unless a greater number is required by law, the Articles or these Bylaws. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting any resumption of business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 6.4 **Notice:** Neither the business to be transacted at, nor the purpose of, any regular or special meetings of the Board need be specified in the notice or written notice or waiver of such meeting.

ARTICLE 7
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 **Powers:** The Board of Directors shall have the power to:

- a. adopt, amend, enforce and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Members and their visitors, invitees, employees and guests thereon, and to establish penalties for the infraction thereof;
- b. suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association, including, but not limited to, suspension of such rights, after notice and hearing, for a period not to exceed thirty (30) days for an 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, the Rules and Regulations, the Act or the Declaration;
- d. declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;
- e. purchase, lease or otherwise acquire in the name of the Board, or its designee, corporate or otherwise, on behalf of the Association, Units for sale or lease;
- f. purchase units at foreclosure or other judicial sale in the name of the Board, or its designee, corporate or otherwise, on behalf of all Unit Owners;
- g. sell, mortgage, or otherwise deal with Units acquired by the Board or its designee, corporate or otherwise, on behalf of the Association, subject to the Declaration and other applicable restrictions, and organize corporations to act as designees of the Board in acquiring title to Units on behalf of the Association;
- h. enter a Unit when necessary in connection with any emergency, maintenance, replacement or improvements for which the Association is responsible; provided, except as permitted by North Carolina law, such entry shall be made during reasonable hours with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Association and such expense shall be treated as a Common Expense;
- i. employ or engage a manager, an independent contractor, attorney or accountant or such other employees and agents as they deem necessary, and to prescribe to them their duties; and
- j. delegate any of the above named powers to such person(s) as the Board may in its discretion, deem necessary.

Section 7.2 **Duties:** It shall be the duty of the Board of Directors to:

- a. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by twenty percent (20%) of the Members who are entitled to vote;

- b. supervise all officers, agents and employees of the Association, and ensure that their duties are properly performed;
- c. as more fully provided in the Declaration to (1) fix and collect the amount of the monthly, annual or special assessment(s) against each Unit in advance of each assessment period, provided that during the first year of operation or part thereof, the Board may fix the annual assessment for a pro rata part of an 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; (3) foreclose the lien against any property for which assessments are not paid within sixty (60) days after due or to bring an action at law against the Owner personally obligated to pay the same;
- d. issue, or cause an appropriate officer to issue, upon demand by any person and for a reasonable charge established by the Board, a certificate setting forth whether or not any assessment has been paid;
- e. procure and maintain adequate liability and hazard insurance on property owned by the Association;
- f. cause all officers or employees having fiscal responsibilities to be bonded, the premiums on such bonds shall constitute a Common Expense;
- g. cause the Common Elements to be maintained in a manner consistent with the provisions of these Bylaws and the Declaration;
- h. prepare and have available to each Member an annual report which shall include the annual financial statement which shall summarize the operation and actions of the Association and its income, expenditures and reserves; and
- i. pay any licenses or governmental charges levied or imposed against the property of the Association.

ARTICLE 8 OFFICERS AND THEIR DUTIES

Section 8.1 **Enumeration of Officers:** The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board, Secretary and a Treasurer, and such other officers and assistant officers, as the Board may from time to time by resolution create.

Section 8.2 **Election of Officers:** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 8.3 **Term:** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 8.4 **Qualifications:** All officers must be at least twenty-one (21) years of age and be a Member of the Association.

Section 8.5 **Special Appointment:** 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 8.6 **Resignation and Removal:** Any officer may be removed from office, with or without cause, by the Board, provided that such action shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.7 **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 he replaces.

Section 8.8 **Multiple Offices:** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to section 8.5 hereof.

Section 8.9 **Compensation:** No officer shall receive any compensation from the Association for acting as such, but the Board may reimburse any officer for any direct expense incurred by him in the performance of his duties as such officer, and such reimbursement shall be a Common Expense.

Section 8.10 **Duties:** The duties of the officers are as follows:

a. **President:** The President shall when present, preside at all meetings of the Board of Directors; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments and agreements and co-sign all checks and promissory notes, and, in general, perform all duties incident to the office of the President and such other duties as may be prescribed from time to time by the Board.

b. **Vice President:** The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the President and/or the Board.

c. **Secretary - Assistant Secretary:** The Secretary or Assistant 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 all notices required by law and these Bylaws; keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties as required by the Board.

d. **Treasurer:** The Treasurer shall have custody of all funds and securities and receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; keep proper books of accounts; and prepare an annual budget and a 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 shall also prepare and file or cause to be prepared and filed all reports and returns required by Federal, State or local laws, and generally perform all other duties as may be assigned to him from time to time by the President or the Board.

ARTICLE 9 COMMITTEES

The Board of Directors, by resolution adopted by majority of the number of Directors then in office, may designate one or more committees, each consisting of two or more Directors, and each of which, to the extent provided in the resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Association, except no such committee shall have authority as to the following matters:

- a. the dissolution, merger or consolidation of the Association; the amendment to the Articles of the Association; or the sale, lease or exchange of all or substantially all of the Property of the Association;
- b. the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee;
- c. the amendment or repeal of these Bylaws or adoption of new Bylaws; and
- d. the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

Any such committee, or any member thereof, may be discharged or removed by action of the majority of the Board. Any resolutions adopted or other action taken by any such committee within the scope of authority delegated to it by the Board shall be deemed for all purposes to be adopted or taken by the Board. These committees shall create their own governing rules subject to approval by the Board.

ARTICLE 10 BOOKS AND RECORDS

The books, records and papers of the Association shall at all times by appointment, during reasonable business hours, be subject to inspection by any Member, or his agent or attorney, for any proper purpose. The Declaration, the Articles and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable price. The Board or the manager shall keep detailed records of the actions of the Board and the manager, minutes of the Board, minutes of meetings of the Association, and financial records and books of accounts of the Condominium, including a chronological listing of receipts and expenditures, charges against each Unit, the date when due, the amount paid thereon and the balance remaining unpaid. The financial records and books of account shall be available for examination by any Unit Owner or their duly authorized agents or attorneys during business hours by prior arrangement with the Board or the manager. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners on or before the 15th day of the third month following the close of each calendar year, covering the preceding year.

ARTICLE 11 ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association the monthly, annual and/or 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. 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 of eighteen percent (18%) per annum (or if unlawful, the highest rate of

interest permitted by law), and the association may bring an action at law against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Unit. Assessments begin at the time of recordation of the original plat, and particular responsibility transfers on the date of conveyance of the property.

In any action brought by the Board to foreclose on a Unit because of the unpaid assessments and attendant late fees, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Unit Owners, or on behalf of any one or more individual Unit Owners, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with same, subject, however, to applicable restrictions of record. A suit to recover money judgments for unpaid common charges and attendant late fees may be maintained without foreclosing or waiving the lien securing the same.

ARTICLE 12 ASSESSMENTS FOR DAMAGES AND OTHER FINES

Section 12.1 Damages to Common Elements: If damage, for which a Unit Owner is legally responsible and which is not covered by insurance provided by the Association pursuant to § 47C-3-113 of the Act is inflicted or caused to be inflicted on any Common Element, the Association may direct such Unit Owner to repair such damage or the Association may itself cause the repairs to be made and recover the costs thereof from the responsible Unit Owner. In cases where the damage to any Common Element is five hundred dollars (\$500.00) or less, a hearing may be held before an adjudicatory panel to determine whether the Unit Owner or the Association or its agent is responsible for the damage. The panel shall consist of three (3) individuals appointed by the Board. Such panel shall accord to the party charged with causing damages notice of the charge, an opportunity to be heard and to present evidence, and notice of the decision. This panel may assess a liability for each damage incident not in excess of five hundred dollars (\$500.00) against each Unit Owner charged. Liabilities of Unit Owners so assessed shall be assessments secured by lien under § 47C-3-116 of the Act.

Section 12.2 Other Fines: The adjudicatory panel referenced in section 12.1 shall have the authority to determine if a Unit Owner should be fined not to exceed one hundred fifty dollars (\$150.00) for a violation of the Declaration, Bylaws or Rules and Regulations of the Association. Such panel shall give the party charged with the violation notice of the charge, an opportunity to be heard and to present evidence and notice of the decision. Such a fine shall be an assessment secured by a lien under § 47C-3-116 of the Act.

ARTICLE 13 OPERATION PRIOR TO INITIAL MEETING OF BOARD

Prior to the first meeting of the initial Board of Directors, all functions of the Association and of the Board of Directors as herein set forth shall be performed and carried out by the Declarant through its members, managers and/or agents.

ARTICLE 14 AMENDMENTS

Section 14.1 Amendment by Owners: These Bylaws may be amended by the affirmative vote

of the voting Members having at least two-thirds of the aggregate interest in the Common Elements, cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws.

Section 14.2 **Amendment by Declarant or the Board.** Notwithstanding section 14.1, the Declarant, for so long as it controls the Board, and, thereafter, the Board of Directors, may amend these Bylaws without the consent of the Unit Owners:

a. to correct any obvious error or inconsistency in their drafting, typing, or reproduction; and

b. to conform to the requirements of any law or governmental agency having legal jurisdiction over the Condominium or to qualify the Condominium or any Units therein for mortgage or improvement loans made or insured by a governmental agency.

Section 14.3 **Conflicts.** In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE 15 MISCELLANEOUS

Section 15.1 **Indemnity:** Each person who is or was a director, officer, employee and agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Association to the maximum extent permitted under North Carolina law against any and all claims and liabilities to which he has or shall become subject to by reason of serving or having served as such director, officer, employee or agent or by reason of any action alleged, and the Association shall reimburse each such person for all expenses, including reasonable attorneys' fees, reasonably incurred by him to the maximum extent permitted under North Carolina law in connection with any such claim or liability. The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any such Director, officer, employee or agent may be entitled by law, agreement, vote of the Board of Directors or Members or otherwise with respect to any liability or litigation expenses arising out of his activities in such capacity. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or who is or was serving at the request of the Association as a Director, officer employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

Section 15.2 **Fiscal Year:** 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 for the first fiscal year of the Association which shall begin on the date of incorporation. The commencement date of the fiscal year herein established may be modified by the Board of Directors should corporate practice subsequently dictate.

Section 15.3 **Construction and Definitions:** Unless the context requires otherwise, the general provisions, rules of construction, and definitions in Chapter 55A of the North Carolina General Statutes shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person. The rules contained in the

current edition of Roberts' Rules of Order govern the Association in all cases in which they are applicable, and in which they are not inconsistent with these Bylaws, the Articles, the Declaration or any applicable law.

Section 15.4 Waiver of Notice: Whenever any notice is required to be given under the provisions of Chapter 55A of the North Carolina General Statutes, or under the provisions of the Articles, these Bylaws, or the Declaration, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent of the giving of such notice.

Section 15.5 Distribution of Assets Upon Dissolution: The assets of the Association shall be distributed as provided for in the Articles.

CERTIFICATION

I, _____, the undersigned, do hereby certify that I am the duly elected and acting Secretary of South Forest Service Center Condominium Association, Inc., a North Carolina nonprofit corporation, and that the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by written consent of all Directors of the Association, effective as of the date hereof.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association
this ___ day of _____, 2001.

SOUTH FOREST SERVICE CENTER CONDOMINIUM
ASSOCIATION, INC.

By: _____
Secretary