

BOOK 3619 PAGE 243

EXHIBIT "E" TO
DECLARATION OF CONDOMINIUM

FOR

NEW BERN PLACE CONDOMINIUM

True Copy of Bylaws for
New Bern Place Condominium Association, Inc.

See Rider #1 Attached.

Rider #1 to
Exhibit "E" to
DECLARATION OF CONDOMINIUM

BYLAWS
OF
NEW BERN PLACE CONDOMINIUM ASSOCIATION, INC.
A NON-PROFIT CORPORATION

ARTICLE I - PURPOSE, APPLICABILITY, OFFICES

- Section 1. PURPOSE. This Corporation (hereinafter called the "Association") has been organized to provide for the administration, management, maintenance and care of New Bern Place Condominium, a condominium established or to be established in accordance with the North Carolina Unit Ownership Act upon the property situate, lying and being in Raleigh, Wake County, North Carolina and more particularly described in Exhibit "A" attached to the Declaration and incorporated herein by reference. New Bern Place Condominium is hereinafter referred to as the "Condominium".
- Section 2. APPLICABILITY OF BYLAWS. The provisions of these Bylaws are applicable to the Condominium and to the use and occupancy thereof. All present and future Owners, Mortgagees, lessees and occupants of Units and their families and guests, and any other persons who may use or occupy the facilities of the Condominium in any manner, are subject to the Declaration, these Bylaws and rules and regulations made pursuant hereto and any amendment to these Bylaws upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded. The acceptance of a deed of conveyance or a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws (and any Rules and Regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.
- Section 3. PRINCIPAL OFFICE. The principal office of the Association shall be located in Raleigh, Wake County, North Carolina.
- Section 4. REGISTERED OFFICE. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.
- Section 5. DEFINITIONS. All terms as defined in the Declaration shall have the same meaning herein except when the context otherwise specifies or requires.

ARTICLE II - UNIT OWNERS

- Section 1. MEMBERSHIP. Each Unit Owner shall be a member of the Association and no other person or entity shall be entitled to

membership. Until such time as the property described on Exhibit "A" of the Declaration is submitted to a plan of condominium ownership by the recordation of the Declaration, membership of the Association shall be comprised of the three individuals named in Section 2 of Article III hereof as the initial Directors, and each such initial Director shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

- Section 2. PLACE OF MEETINGS. All meetings of the Unit Owners shall be held at the Condominium or at such other place either within or without the State of North Carolina as shall be designated in a notice of the meeting.
- Section 3. ANNUAL MEETINGS. An annual meeting of the Unit Owners shall be held at 10:00 a.m. on the first Saturday of February of each year if not a legal holiday, and if a legal holiday, then at the same time on the next day following not a legal holiday for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting.
- Section 4. SUBSTITUTE ANNUAL MEETINGS. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.
- Section 5. SPECIAL MEETINGS. Special meetings of the Unit Owners may be called at any time by the Board of Directors or upon the written request of Unit Owners owning in the aggregate at least a 50% undivided interest in the Common Areas and facilities.
- Section 6. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than fifty (50) days before the date thereof, either personally or by mail at the direction of the Board of Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

In case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of directors on which the vote of Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by

announcement at the meeting at which the adjournment is effective.

Section 7. QUORUM. The presence in person or by proxy at any meeting of the Voting Members (as defined in Section 8 of this Article) having 75% of the total votes shall constitute a quorum. If there is no quorum at the opening of any meeting of Voting Members, such meeting may be adjourned from time to time by the unanimous vote of the Voting Members present, either in person or by proxy, and at the next meeting of the Voting Members after a meeting adjourned for want of a quorum, the number of votes constituting a quorum shall be reduced to sixty percent (60%) of the required quorum at the meeting last adjourned for want of a quorum; provided, however, that a quorum shall never be less than 10% of the total votes of all Voting Members; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The Voting Members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

Section 8. VOTING RIGHTS. There shall be one person with respect of each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be the Unit Owner or one of the group composed of all of the Unit Owners, or may be some other person designated by such Unit Owner or Owners to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or Owners. The total number of votes of all Voting Members shall be 100, and each owner or group of owners (including the Board of Directors, if the Board of Directors, or its designee, shall then hold title to one or more Units) shall be entitled to the number of votes equal to the total of the percentage of undivided ownership interest in the Common areas and facilities applicable to his or their Unit, as set forth in Exhibit "C" of the Declaration.

Section 9. VOTING. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes with respect to the offices to be filled shall be deemed to be elected.

Section 10. WAIVER OF NOTICE. Any Unit Owner may, at any time, waive in writing notice of any meeting of the Unit Owners and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Owner at any meeting of the Unit Owners shall constitute a waiver of notice by him of the time and place

thereof except in the event that 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 the Unit Owners are present at any meeting of the Unit Owners, no notice shall be required and any business may be transacted at such meeting.

Section 11. INFORMAL ACTION BY UNIT OWNERS. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, (that is, the Voting Members) and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE III - BOARD OF DIRECTORS

Section 1. NUMBER. The business and property of the Association shall be managed and directed by a Board of Directors composed initially of three (3) persons until such time as the first of the following events occurs: (a) The expiration of five (5) full years after the registration of the Declaration; (b) 120 days after the date as of which Units to which seventy-five percent (75%) of the total undivided interest appertain shall have been conveyed by Declarant to Unit Owners other than a party constituting the Declarant; or (c) The surrender by the Declarant of the authority to appoint and remove members of the Board of Directors by an express amendment to Declaration executed and recorded by Declarant. From and after the occurrence of the first of the above named events, the Board of Directors shall be composed of five (5) persons elected as provided herein.

Section 2. INITIAL DIRECTORS. The initial three (3) Directors shall be selected by the Declarant and need not be Unit Owners. The names of the persons who shall serve on the initial Board of Directors from the date upon which the Declaration is recorded in the Wake County, North Carolina, Public Registry until such time as is provided in the Declaration and Section 1 of this Article above, are as follows:

J. Franklin Martin

A. Settle Dockery

J. Kenneth Sykes

Section 3. ELECTION, TERM AND QUALIFICATION. Except as provided in the Declaration and in Section 2 and 5 of this Article, with respect to the initial Directors, the five (5) members of the permanent Board of Directors shall be elected at an annual meeting of Unit Owners and those persons who receive the highest number of votes (whether or not a majority or plurality) shall be deemed to have

been elected. The size of the permanent Board of Directors may be increased or decreased from time to time upon the affirmative vote of Unit Owners owning in the aggregate at least a seventy-five percent (75%) undivided interest in the Common areas and facilities, provided that said Board shall not be less than three in number nor greater than seven in number. Each Director shall hold office for the term for which he was elected or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualifies. At the first annual meeting of the Association at which the election of the successors to the initial Board of Directors is to be held, the five (5) members of the permanent Board of Directors shall be elected for staggered terms as follows: at the first election for the Board of Directors, three (3) members of the Board will be elected for a one (1) year term and two (2) members of the Board will be elected for a two (2) year term. Thereafter at each subsequent annual election for the Board of Directors, two (2) members of the Board will be elected for two (2) year terms and one (1) member of the Board will be elected for a one (1) year term. At each such election, the candidates for the Board of Directors receiving the highest relative number of votes shall be designated as Board members to serve for the two (2) year terms. At all annual elections after the first such election, the number of Directors to be elected by the voting members will be that number necessary to succeed those Directors whose terms then expire.

- Section 4. REMOVAL. Directors may be removed from office with or without cause by affirmative vote of the Unit Owners having 75% of the total votes entitled to vote at an election of Directors. If any Directors are so removed, new Directors may be elected at the same meeting.
- Section 5. VACANCIES. After termination of Declarant's control, a vacancy occurring in the Board of Directors, including directorships not filled by the Unit Owners, may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director; but a vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting Members may elect a Director at any time to fill any vacancy not filled by the Directors.
- Section 6. COMPENSATION. The Board of Directors shall receive no compensation for their services unless expressly allowed by the Board at the direction of the Unit Owners having 75% of the total votes entitled to vote at an election of Directors.
- Section 7. EXECUTIVE COMMITTEES. The Board of Directors may, by resolution adopted by a majority of the number of Directors fixed by these Bylaws, designate two or more Directors to constitute an executive committee, which committee to the extent provided in such resolution shall have and may exercise all of the authority of the Board of Directors in the management of the Condominium.

Section 8.

POWERS AND DUTIES. The Board of Directors shall have the power and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things, except such acts as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep, repair, maintenance and replacement of the Common areas and facilities and payments therefor.
- (b) Determination of the Common Expenses required for the affairs of the Condominium, including without limitation, the operation and maintenance of the Common areas and facilities.
- (c) Collection of the Common Expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance, repair and replacement of the Common areas and facilities.
- (e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the Property, and for the health, comfort, safety and general welfare of the Unit Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Unit Owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations.
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of Unit Owners, Units offered for sale or surrendered by their Unit Owners to the Board as provided by the Declaration.
- (h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, provided such purchase is duly authorized as set forth in the Declaration.
- (i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners.
- (j) Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common areas and

facilities or any other Unit or if the Unit Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered or mailed by the Board to said Unit Owner, provided that the Board shall levy a special assessment against such Unit Owner for the costs of said maintenance or repair.

(k) Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, 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 Board and such expenses shall be treated as a Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Board of Directors to be an emergency.

(l) Signing all agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by either the Chairman of the Board or Vice Chairman and countersigned by the Secretary, or the Assistant Secretary, of the Condominium, and countersigned by the Chairman of the Board. Any such agreement, contract or lease entered into prior to passage of control of the Association from Declarant to the Unit Owners shall be terminable, without cause, by either party thereto upon ninety (90) days prior written notice to the other party thereto and shall be for a term of one year or less.

(m) Obtaining of insurance for the Property pursuant to the applicable provisions of the Declaration.

(n) Making of repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding.

(o) Engaging the services of any person, firm or corporation to act as managing agent of the Condominium at a compensation established by the Board, to perform all of the powers and duties of the Association, except those which may be required by the Declaration, the North Carolina Unit Ownership Act or the North Carolina Non-Profit Corporation Act to have approval of the Board of Directors or the Unit Owners; provided, however, the term of any such agreement with a managing agent shall not exceed one (1) year initially, shall only be renewable by agreement of the parties for successive one (1) year periods and shall be terminable by the Association with or without cause upon 30 days' prior written notice to the manager and without payment of a termination fee.

(p) To enforce by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common areas and facilities in the Condominium.

(q) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Unit Owners in the manner herein provided.

(r) To adopt a seal for the Association.

(s) Hiring attorneys and other professionals.

(t) Any other powers and duties reserved to the Board of Directors in the Declaration, the Articles of Incorporation or these Bylaws.

ARTICLE IV - MEETINGS OF DIRECTORS

- Section 1. ORGANIZATION MEETING. The first meeting of a newly elected five member permanent Board of Directors shall be held within fifteen (15) days following the meeting of the Unit Owners at which the Board is elected. No notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, provided a quorum shall be present.
- Section 2. REGULAR MEETINGS. A regular meeting of the Board shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Directors may provide by resolution the time and place either within or without the State of North Carolina, for the holding of a regular meeting of the Board.
- Section 3. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or with the request of the Chairman or by any two Directors. Such meetings may be held either within or without the State of North Carolina.
- Section 4. NOTICE OF MEETINGS. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.
- Section 5. WAIVER OF NOTICE. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the

Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

- Section 6. QUORUM. A majority of the number of Directors fixed by these Bylaws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.
- Section 7. MANNER OF ACTING. Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A vote of a majority of the number of Directors fixed by the Bylaws shall be required to adopt a resolution appointing an Executive Committee. Vacancies in the Board of Directors may be filled as provided in Article III, Section 5, of these Bylaws.
- Section 8. ORGANIZATION. Each meeting of the Board of Directors shall be presided over by the Chairman of the Board, and in the absence of the Chairman, by any person selected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.
- Section 9. INFORMAL ACTION OF DIRECTORS. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.
- Section 10. MINUTES. The Board shall keep minutes of its proceedings.
- Section 11. FIDELITY BONDS. The Board of Directors shall require all officers, employees, agents or independent contractors of the Association handling or responsible for Association funds to be covered by adequate fidelity bond coverage as provided in the Declaration. The premiums on such bonds shall constitute a common expense.
- Section 12. LIABILITY OF THE BOARD. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws.

It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that

they are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Common areas and facilities bears to the interests of all the Unit Owners in the Common areas and facilities. Every agreement made by the Board on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Common areas and facilities bears to the interest of all Unit Owners in the Common areas and facilities.

ARTICLE V - OFFICERS

- Section 1. NUMBER. The principal officers of the Association shall consist of a Chairman of the Board, a Secretary, a Treasurer, and such Vice Chairman, Assistant Secretaries, Assistant Treasurer, and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person except the offices of Chairman and Secretary.
- Section 2. ELECTION AND TERM. The officers of the Association shall be elected by and from among the Board of Directors. Such elections may be held at the regular annual meeting of the Board.
- Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.
- Section 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.
- Section 4. COMPENSATION. No officer shall receive any compensation from the Association for acting as such.
- Section 5. CHAIRMAN OF THE BOARD. The Chairman of the permanent Board shall be a Unit Owner and shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association. The Chairman shall when present, preside at all meetings of the Board and of the Unit Owners, and in general, shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board.
- Section 6. VICE-CHAIRMAN. The Vice-Chairman elected by the Board of Directors shall, in the absence or disability of the Chairman, have the powers and perform the duties of said office. In

addition, each Vice-Chairman shall perform such other duties and have such other powers as shall be prescribed by the Chairman of the Board.

Section 7. SECRETARY. The Secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Directors. He shall give, or cause to be given, all notices required by law and by these Bylaws. He shall have general charge of the minute books and records of both the Unit Owners and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the Chairman of the Board or by the Board of Directors.

Section 8. TREASURER. The Treasurer shall have custody of all Association funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Association in books especially provided for the purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board of Directors within ninety (90) days following the end of each fiscal year. The statement shall be kept available for inspection by any Unit Owner for a period of three (3) years. The Treasurer shall also prepare and file all reports and returns required by Federal, state or local law and shall generally perform all other duties as may be assigned to him from time to time by the Chairman of the Board or the Board of Directors.

Section 9. ASSISTANT SECRETARIES AND TREASURERS. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman of the Board or the Board of Directors.

ARTICLE VI - OPERATION OF THE PROPERTY

Section 1. DETERMINATION OF COMMON EXPENSES AND FIXING OF THE COMMON CHARGES. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the common charges payable by the Unit Owners to meet the Common Expenses of the Condominium, and allocate and assess such common charges among the Unit Owners according to their respective undivided percentage interests in the Common areas and facilities. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of the

Declaration. The Common Expenses shall also include such amounts as the Board of Directors shall deem proper for the operation and maintenance of the Property, including without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for periodic maintenance, repair and replacement, and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit which is to be sold at a foreclosure or other judicial sale. The Board of Directors shall advise all Unit Owners, promptly in writing, of the amount of Common Expenses payable by each of them, respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of each budget on which such Common Expenses are based, to all Unit Owners.

Section 2.

LIMITATION ON INCREASED COMMON CHARGES. Should the Board of Directors determine that the estimated aggregate amount of the Common Expenses to be assessed for any fiscal year requires aggregate common charges payable by the Unit Owners which exceed 110% of those levied in the preceding fiscal year, the proposed budget requiring such increased charges shall be submitted to the Unit Owners for approval at the annual meeting or a special meeting called for such purpose. If, at such meeting, the majority of the votes cast by the Unit Owners approve such budget, the charges shall be made in accordance with such proposed budget. If the proposed budget is not approved by the majority of the votes cast at such meeting, the Board of Directors shall make reductions in the proposed budget until either (a) the proposed budget is approved by the majority of the votes cast in a meeting called for such purpose or (b) the required increased charges do not exceed 110% of the charges levied in the preceding year.

Section 3.

PAYMENT OF COMMON CHARGES. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit, together with his interest in the Common areas and facilities. The obligation of a Unit Owner to pay the Common Expenses assessed during his ownership of such Unit is a personal obligation and shall not pass to any purchaser of the Unit unless expressly assumed by such purchaser or unless required by applicable law.

Section 4.

COLLECTION OF ASSESSMENTS. The Board of Directors shall assess Common Expenses against the Unit Owners from time to time and at least monthly and shall take prompt action to collect any Common

Expenses which remain unpaid for more than thirty (30) days after the due date for payment thereof. The Board of Directors shall notify the holder of the first Mortgage on any Unit or first lien security interest in any Space license (of which it has notice) for which any Common Expenses assessed pursuant to these Bylaws remains unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Unit Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 5. DEFAULT IN PAYMENT OF COMMON EXPENSES. In the event of default by any Unit Owner in paying to the Board of Directors the Common Expenses as determined by the Board, such Unit Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the highest rate the law allows; together with all expenses, including reasonable attorneys' fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Unit Owner, or by foreclosure of the lien on his Unit in like manner as a deed of trust or mortgage of real property. The Board of Directors shall also have the right to impose uniform late payment charges for delinquent Common Expense payments, which charges shall also be recoverable by the proceedings specified above.

Section 6. LIEN AND PERSONAL OBLIGATION. All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit of the Unit Owner against whom the assessment for Common Expenses is made, which such lien shall be prior to all other liens excepting only (i) tax liens on the Unit in favor of any assessing authority, (ii) all sums unpaid on mortgages of record against the Unit prior to the docketing of such lien and (iii) materialmen's and mechanics' liens. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Wake County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit Owner becoming due thereafter until the lien has been satisfied. In addition, each Unit Owner shall be personally liable for any such assessment. No Unit Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Area or by the abandonment or sale of his Unit.

Section 7. FORECLOSURE OF LIENS FOR UNPAID COMMON EXPENSES. In any action brought by the Board to foreclose on a Unit because of unpaid

Common Expenses, 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 if so instructed, 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 the same subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosure or waiving the lien securing the same.

In the event a Mortgagee or other purchaser (other than the Association) purchases and takes title to a Unit as a result of a foreclosure, or proceedings held in lieu of foreclosure by the Mortgagee, with respect to the first mortgage on such Unit, such purchaser, his successor and assigns, shall not be liable for the share of the assessment for Common Expenses of the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser. However, such unpaid share of Common Expenses shall be deemed as general Common Expenses collectible pro rata from all of the Unit Owners including such purchaser, his successors and assigns.

Section 8. STATEMENT OF COMMON CHARGES. The Board of Directors shall promptly provide any Unit Owner, so requesting the same in writing, with a written statement of all unpaid Common Expenses due from such Unit Owner. The Board may charge a reasonable fee for providing such written report.

Section 9. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rule or regulation adopted by the Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws or at law or in equity: (a) to enter the Unit or Space in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner or Space Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner.

Section 10. MAINTENANCE AND REPAIR. (a) All maintenance and any repairs to any Unit, whether ordinary or extraordinary (other than maintenance of and repairs to any Common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the Owner of such Unit) shall be made by the Unit Owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common areas and facilities that his failure to do so may engender; and

(b) all maintenance, repairs and replacements to the Common areas and facilities, (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to and paid by such Unit Owner), shall be made by the Board and be charged to all the Unit Owners as a Common Expense; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs.

- Section 11. ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY UNIT OWNERS. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, or any change in the exterior appearance thereof or to any Limited common areas and facilities, without the prior written consent thereto of the Board of Directors. The Board shall have the obligation to answer any such written request by a Unit Owner within thirty (30) days after such request, but failure to do so within the stipulated time shall not constitute a consent by the Board of Directors to the proposed addition, alteration, improvement or change.
- Section 12. USE OF COMMON AREAS AND FACILITIES. A Unit Owner shall not interfere with the use of the Common areas and facilities by the remaining Unit Owners and their families and guests.
- Section 13. RIGHT OF ACCESS. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the Board of Directors or the managing agent, for the purpose of making inspection or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common areas and facilities, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common areas and facilities in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Unit Owner. In the case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.
- Section 14. RULES OF CONDUCT. Rules and regulations concerning the use of the Units and the Common areas and facilities shall be promulgated and amended by the Board with the approval of Unit Owners owning in the aggregate at least a 75% undivided interest in Common areas and facilities. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner prior to the time when the same shall become effective.
- Section 15. UTILITIES. Any utilities (including water, sewer, electricity and natural gas) which may be provided to the Condominium

through a single or common meter or facility and utilities furnished to any portion of the Common Areas shall be paid pro rata by each Unit Owner as and when billed or, at the option of the Board, such may be paid by the Board as a Common Expense.

ARTICLE VII - RECORDS AND AUDITS

The Board of Directors shall keep detailed records of the actions of the Board, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of the Common Expenses against each Unit and the date when due, the amounts of any thereof paid, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all the Unit Owners, their Mortgagees and their duly authorized agents or attorneys at convenient hours. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board to all Unit Owners on or before the 90th day following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the Association shall be rendered by the Board to all Unit Owners and to all Mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

ARTICLE VIII - INDEMNIFICATION OF DIRECTORS,
OFFICERS AND OTHERS

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made a party) by reason of being or having been such director (governor) or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or 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 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.

The Association's indemnity of any person who is or was a director, officer, employee or 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 reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article VIII, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE IX - ARBITRATION

Any claim which shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration or under any applicable law, and judgment upon the award may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the Director(s), one by the Unit Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him or them. If the Director(s) or the Unit Owner(s) shall refuse or fail to so name an arbitrator within thirty (30) days after written notice from the other party requiring the naming of an arbitrator, then the arbitrator so named by the party not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as if he were an arbitrator appointed by both parties for that purpose, and his award in writing signed by him shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings hereunder shall be conducted in Charlotte, North Carolina.

ARTICLE X - AMENDMENT

These Bylaws may be amended by a vote of Unit Owners owning in the aggregate at least a 75% undivided interest in the Common areas and facilities, cast in person or by proxy, at a meeting duly held in accordance with the provisions of these Bylaws, together with all their respective Mortgagees, provided that such amendment shall be effective only upon the recordation in the Office of the Register of Deeds, Wake County, North Carolina, of an amendment to the Declaration setting forth such amendment to these Bylaws. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon. All Unit Owners shall be bound to abide by any such amendment upon the same being passed and duly set forth in an amended Declaration, duly recorded in the Office of the Register of Deeds, Wake County, North Carolina.