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STATE OF NORTH CAROLINA : DECLARATION OF COVENANTS,
: CONDITIONS AND RESTRICTIONS
COUNTY OF NEW HANOVER : FOR WINDTREE SUBDIVISION

THIS DECLARATION, made this the 27th day of July, 1983, by
A. N. SHEW, JR. and R. WORDEN ALLEN, hereinafter referred to as
"DECLARANTS";

WITNESSETH:

WHEREAS, the Declarants are the Owners of certain property
situated in the County of New Hanover, State of North Carolina, which is
more particularly described as follows:

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BEING all of Windtree Subdivision as the same is shown on
a map thereof recorded in Map Book 22 at Page 7 in the
Office of the Register of Deeds of New Hanover County,
to which map reference is hereby made for a more particular
description.

NOW, THEREFORE, the Declarants hereby declare that all of the
properties described above shall be held, sold and conveyed subject to the
following easements, restrictions, covenants, and conditions which are for
the purpose of protecting the value and desirability of, and which shall run
with the real property and be binding on all parties having any right, title or
interest in the described properties or any part thereof, their heirs, successors
and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I.

DEFINITIONS

Section 1. ASSOCIATION shall mean and refer to Windtree Homeowners
Association, Inc., an incorporated body, its successors and assigns.

Section 2. 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 3. PROPERTIES shall mean and refer to that certain real
property hereinbefore described, and such additions thereto as hereafter be
brought within the jurisdiction of the Association.

Section 4. COMMON AREA shall mean all real property owned by the
Association for the common use and enjoyment of the Owners. The Common
Area to be owned by the Association at the time of the conveyance of the first
lot is described as follows:

The Common Area of Windtree Subdivision is all of that area
shown on the map of Windtree which is recorded in Map Book 22
at Page 7 in the New Hanover County Registry and which is
designated as Common Area thereon.

Section 5. LOT shall mean and refer to any plot of land shown
upon any recorded Subdivision map of the Properties with the exception of
the Common Area.

RETURNED TO *James A. MacDonald*

Section 6. DECLARANT shall mean and refer to A. N. Shew, Jr. and R. Worden Allen.

ARTICLE II.

PROPERTY RIGHTS

Section 1. OWNERS' EASEMENTS OF ENJOYMENT: Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- A. The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- B. The right of the Association to limit the number of guests of members;
- C. The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- D. The right of the Association to dedicate or transfer all or part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded;
- E. The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. DELEGATION OF USE: Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property, copy of said By-Laws being marked Exhibit "A", attached hereto and incorporated by reference.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have one class of voting membership which shall consist of all of the owners who shall be entitled to one vote for each lot owned. When more than one person owns an interest in any lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

Section 3. COMMENCEMENT OF VOTING RIGHTS. Until such time as the sale of the last numbered lot as shown on the plat hereinabove referred to as evidenced by the recordation of the deed therefore, all rights, privileges, powers and authority granted herein to the Association shall be reserved to the Declarants, A. N. Shew, Jr. and R. Worden Allen, or their heirs or assigns. Upon the sale of the last numbered lot as shown on the plat hereinabove referred to, as evidenced by the recordation of the deed therefore, the responsibilities and obligations of the above named Declarants shall cease and the owners of record may thereupon call a meeting of all property owners of record and may by a majority vote of those present and constituting a quorum elect a Board of Directors of three members who shall serve until the next regular meeting of the Association. Each member elected as a Board of Director must be an owner and occupant of a lot shown on the aforementioned map.

ARTICLE IV.

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENT: The Declarants, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed the refore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

1. Annual assessments or charges, and
2. Special assessments for capital improvements, such assessments to be established and collected as herein-after provided;
3. To the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the owner who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvements and maintenance of the Common Area.

Section 3. MAXIMUM ANNUAL ASSESSMENT: Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum monthly assessment shall be TWENTY FIVE DOLLARS (\$25.00) per Lot.

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum monthly assessment may be increased each year not more than five percent above the maximum assessment for the previous year without a vote of the membership.

- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum monthly assessment may be increased above five per cent (5%) by vote of two-thirds of the members of the Association at a meeting duly called for that purpose.
- (c) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum hereinabove provided.

Section 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS:

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members of the Association.

Section 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4: Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty per cent (60%) of all the votes of the members shall constitute a quorum. In the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum and the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. UNIFORM RATE OF ASSESSMENT: Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS, DUE DATES: The annual assessments provided for herein shall commence as to all Lots except those owned by the Declarants on the first day of the month following the conveyance of the Common Area to the Association. Lots owned by the Declarants shall not be subject to assessments until January 1, 1986. Any lots remaining in the possession of the Declarants after said date shall be subject to the assessments as hereinbefore provided.

Section 8. EFFECT OF NONPAYMENT OF ASSESSMENTS AND REMEDIES OF THE ASSOCIATION: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION: Upon default by the Homeowner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six months each Owner of a lot in the development shall become personally obligated to pay to the taxing or assessing government authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of owners in the development. If such sum is not paid by the

owner within thirty days following receipt of notice of the amount due, then such sums shall be a continuing lien on the lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 10. SUBORDINATION OF THE LIEN TO MORTGAGES:

The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or deed of trust or other security instrument. Sale or transfer of any lot shall not affect the assessment line. However, the sale or transfer of any lot pursuant to mortgage and deed of trust foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V.

ARCHITECTURAL CONTROL

No building, fence, antenna, patio roof, patio awning, tool shed, storage unit, work shed, dog house, mail boxes or other structure shall be commenced, erected or maintained upon any lot nor shall any exterior addition to change in or alteration of any improvements on any lots, including garage conversions, be made until the plans and specifications showing the nature, kind, shape, height, materials and location of same shall have been submitted in writing to and approved in writing by an architectural control committee composed of three members whose decisions will be controlled by a majority vote of the committee. Each Declarant shall hold one position on this committee until such time as the last lot as shown on the plat hereinabove referred to is sold by the Declarants. After the Declarants have sold the last lot in the Subdivision and withdrawn from the architectural control board, the Board of Directors of the association shall appoint new members to the Architectural Control Board on an annual basis. In the event said Board or its designated committee fails to approve or disapprove such design and location within thirty days after said plans and specifications have been submitted to it, approval will not be required and this article will be deemed to have been fully complied with.

ARTICLE VI.

USE RESTRICTIONS

Section 1. LAND USE AND BUILDING TYPE: No Lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than one single family dwelling not to exceed two and one-half stories in height. Any building erected, altered, placed or permitted to remain on any lot shall be subject to the provisions of Article V. of this Declaration of Covenants, Conditions and Restrictions relating to architectural control.

Section 2. NUISANCES: No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. TEMPORARY STRUCTURES: No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently.

Section 4. RECREATIONAL VEHICLES: No boat, motor, boat, camper, trailer, motor or mobile homes, or similar type vehicle, shall be permitted to remain on any lot at any time, unless by consent of the Association.

Section 5. ANIMALS: No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free and are at all times properly leashed.

Section 6. OUTSIDE ANTENNAS: No outside radio or television antennas shall be erected on any Lot or dwelling unit within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee.

Section 7. EXTERIOR LIGHTS: No security lights, yard lights or any other type of exterior lighting shall be erected or placed on any lot without the prior written approval as to the height, location, and intensity by the architectural control committee.

Section 8. FENCES: No fences shall be erected on any lot without the prior written approval as to the height, location, type of material and design by the architectural control committee, and no outside clotheslines shall be permitted.

Section 9. COMMERCIAL TRADE OR ACTIVITY: No commercial trade or activity, including yardsales, shall be carried on upon any lot. Unsightly and unoperative junk cars and like eyesores cannot be maintained on any lot or any street in the subdivision either prior to or after the dwelling has been erected and any such automobiles may be removed by the Declarants or the Association at the lotowners expense.

Section 10. No lot or area shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such materials may not be kept on any lots except in sanitary containers which shall be kept in an area not generally visible from the streets adjoining said lot.

Section 11: No signboards of any description shall be placed on or displayed on any residential lot except signs for rent or for sale, which signs shall not exceed two feet by three feet in size.

Section 12: No lot as shown on the map of the subdivision above-referred to shall be resubdivided unless each part of the subdivided lot becomes a part of another whole lot.

ARTICLE VII.

EASEMENTS

Section 1. Easements are serserved as necessary in the Common Areas for installation and maintenance of underground utilities and drainage facilities.

Section 2. The Association, acting through its officers, agents, and servants, and/or employees shall have the right of unobstructed access at all reasonable times to all properties as may be reasonably necessary to perform any maintenance to the Common Areas.

ARTICLE VIII.

GENERAL PROVISIONS

Section 1. ENFORCEMENT: The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, covenants, conditions, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. SEVERABILITY: Invalidation of any one of these covenants or restrictions by the judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. LOTS SUBJECT TO DECLARATION: All present and future owners, tenants and occupants of the Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such owner, tenant or occupant. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot as though such provisions were made a part of each and every deed of conveyance or lease.

Section 4. AMENDMENT OF DECLARATION: The covenants and restrictions of this Declaration may be amended by an instrument duly recorded in the Office of the Register of Deeds of New Hanover County signed by not less than sixty per cent (60%) of the Lot Owners; provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. In no event may the Declaration be amended so as to deprive the Declarant of any rights herein granted or reserved unto the Declarant. These covenants and restrictions shall remain in effect for a term of thirty years from the date hereof. After thirty years, said covenants and restrictions shall be automatically extended for successive periods of ten years unless determined by the contrary by sixty (60%) of the lot owners.

IN WITNESS WHEREOF, A. N. SHEW, JR. and R. WORDEN ALLEN, the Declarants herein, have hereunto set their respective hands and seals, all on the day and year first above written.

A. N. Shew, Jr. (SEAL)
A. N. Shew, Jr.

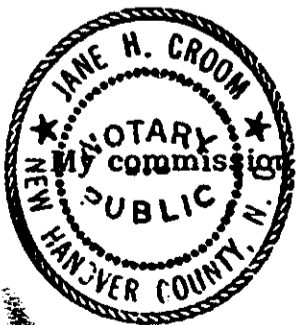
R. Worden Allen (SEAL)
R. Worden Allen

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Jane H. Croom, a Notary Public in and for the State and County aforesaid, do hereby certify that A. N. Shew, Jr. and R. Worden Allen, personally appeared before me this date, and acknowledged the due execution of the foregoing instrument.

Witness my hand and Notarial Seal, this the 27th day of July, 1983.



Jane H. Croom
Notary Public

STATE OF NORTH CAROLINA
New Hanover County
The Foregoing Certificate of
JANE H. CROOM, A
NOTARY PUBLIC
is certified to be correct.

This the 27 day of July, 1983
Rebecca P. Tucker, Register of Deeds
By Shirley D. Nita, Deputy

BY-LAWS

OF

WINDTREE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

GENERAL PROVISIONS APPLICABLE TO WINDTREE
SUBDIVISION

SECTION 1.1. IDENTIFICATION: These are the By-Laws of the Windtree Homeowners Association, Inc., a Non-Profit Corporation organized pursuant to the laws of the State of North Carolina; the Articles of Incorporation are recorded in Book 1229, Page 1407, of the Office of the Register of Deeds of New Hanover County, North Carolina.

SECTION 1.2. INCORPORATION: The provisions of these By-Laws supplement and are enacted pursuant to the provisions of the above-referenced Articles of Incorporation and those certain declaration of covenants and restrictions applicable to that residential development known as Windtree Subdivision and which are recorded in the New Hanover County Registry.

SECTION 1.3. APPLICABILITY OF BY-LAWS: The provisions of these By-Laws are applicable to Windtree Homeowners Association, Inc. and its common elements and its use and occupancy thereof. The term "Windtree Homeowners Association, Inc." and its common elements as used herein shall include the land, the buildings, and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith.

SECTION 1.4. APPLICATION: These By-Laws shall, in conjunction with the above-referenced Articles of Incorporation and Declaration, govern the affairs, rights, privileges, duties and obligations of the Association, all Owners, the Declarant, all mortgagees, beneficiaries under deeds of trust, lessees, and occupants of all lots and patio homes, their employees and agents and all others who may use or enjoy any of the property known as Windtree Homeowners Association, Inc., and the acceptance of a deed for or conveyance of, or the succeeding to title to, or the entering into of a lease for, or the actual occupancy of, or use of a lot, patio home, the common elements or any of the improvements thereon by any of the above shall constitute an acceptance by the same of the provisions of these By-Laws, the Rules and Regulations enacted pursuant hereto and the provisions of the herein Rules and Regulations enacted pursuant hereto and the provisions of the herein above-referenced Declaration, and an agreement to comply and abide by the same.

SECTION 1.5. OFFICE: The principal office of the Association and of the Board of Directors shall be located at Wilmington, New Hanover County, North Carolina.

ARTICLE II

MEMBERSHIP OF ASSOCIATION

Section 2.1. IDENTIFICATION OF MEMBERS: The Association shall have two classes of voting membership:

CLASS "A": Class "A" members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each lot owned in this development. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

CLASS "B": Class "B" members shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each lot owned in this development. The Class "B" votes shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class "A" membership equals the total votes outstanding in the Class "B" membership, or
- (b) On January 1, 1986.

The total contemplated membership of Class "A" members for the Windtree Subdivision project is a maximum of thirty three (33) members. Reference is made to Article XI concerning Declarant's control as well as the Class "B" membership as above stated.

Each membership shall be appurtenant to and shall not be severed from the fee simple ownership of a lot and patio home within the development. The rights, duties, obligations, powers and privileges appurtenant to each membership shall be exercised by the fee simple owner of the lot and patio home to which such membership is appurtenant. Any devise, contract for

the sale of, deed, lease or other means of conveyance of any lot and patio home within the development shall be deemed to include the appurtenant membership in the Association. No portion of the rights, privileges, powers, duties or obligations appurtenant to each membership in the Association may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the lot and patio home to which such membership is appurtenant.

SECTION 2.2. RECORDS: The Secretary of the Association shall maintain at the principal office of the Association a register of all of the current owners of memberships in the Association and the mailing address of each Owner and of all mortgagees or beneficiaries under deeds of trust of all lots and patio homes.

SECTION 2.3. VOTING RIGHTS: Each Class "A" membership shall be entitled to one (1) vote in all matters of the Association requiring a vote of the membership. The Class "B" members shall be entitled to three (3) votes for each lot owned in this development. See Section 2.1 above regarding conversion date for Class "B" membership. If a Class "A" membership is owned by one (1) person, his right to vote shall be established by the record title to his lot and patio home. If a membership is owned by one (1) or more persons, or is under lease, the person entitled to cast a vote for such membership shall be designated by a certificate signed by all of the record Owners of such membership and filed with the Secretary of the Association. If a Class "A" membership is owned by a corporation, the person entitled to cast the vote for that membership shall be designated by a certificate signed by the President or Vice-President and attested by its Secretary or the Assistant Secretary of such corporation and filed with the Secretary of the Association. If a Class "A" membership is owned by a partnership, general or limited, or a joint venture, the certificate designating the voting members shall be signed by all partners or joint venturers, as the case may be. Such certificates shall be valid until revoked or superseded by a subsequent certificate or until a change occurs in the ownership of the membership concerned. A certificate designating the person entitled to cast the vote for a Class "A" membership may be revoked by any owner of such membership. If such a certificate is not on file, the vote of such membership shall not be considered in determining the requirements for a quorum nor for any other purpose under these By-laws.

The Class "B" membership shall be voted by its President, Vice-President, Secretary, or Assistant Secretary, as the case may be irrespective of whether or not a certificate has been filed.

SECTION 2.4. MORTGAGEES AND TRUSTEES UNDER DEEDS OF TRUST: In the event that any lot and patio home are conveyed by mortgage or by deed of trust, then the rights, duties, obligations, powers and privileges

appurtenant to the membership appurtenant to such lot and patio home shall be exercised by the owner of the equity in the lot and patio home, and not by the mortgagee under any mortgage or the trustee or beneficiary under any deed of trust against such lot and patio home.

SECTION 2.5. ANNUAL MEETINGS: Subject to the provisions of Article VI of the By-Laws, the annual meetings of the Association shall be held on the 31st day of January of each succeeding year unless such date shall occur on a Saturday or Sunday, or legal holiday, in which event, the meeting shall be held on the next succeeding business day. The purpose of the annual meeting shall be for the election of the Directors of the Association for the succeeding year and for the transaction of any and all business of the Association as may properly come before the meeting.

SECTION 2.6. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the membership if so directed by resolution of the Board of Directors or upon a petition calling for a special meeting presented to the Secretary of the Association and signed by at least twenty-five (25%) percent of the Owners of the memberships in the Association. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

SECTION 2.7. NOTICE OF MEETINGS: The Secretary shall mail to each Owner of a membership in the Association notice of each annual or special meeting of the membership at least fifteen (15) days but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. Said notice shall be mailed to the address which the owner of each membership has designated to the Secretary and maintained by the Secretary on his current register of owners. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice.

SECTION 2.8. ADJOURNMENT OF MEETINGS: If any meeting of the membership cannot be held because a quorum has not attended, a majority of the membership who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

SECTION 2.9. QUORUM: A quorum at all membership meetings shall consist of persons representing and entitled to cast the vote appurtenant to at least fifty-one percent (51%) of the memberships in the Association. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the membership, except when approval by a greater number of members is required by the Declaration, these By-Laws or by law; but those present at any meeting, though less than a quorum, may adjourn said meeting to a future time.

SECTION 2. 10. PROXIES. The vote appurtenant to each membership may be cast by the person designated as entitled to cast such vote by proxy. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner of the membership to which said vote is appurtenant. Such proxy shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or any adjournment of such meeting.

SECTION 2. 11. PLACE OF MEETING. Meetings of the Association's membership shall be held at the principal office of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

SECTION 2. 12. ORDER OF BUSINESS. The order of business at all meetings of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of Board of Directors;
- (f) Reports of committees;
- (g) Election of members of the Board of Directors, if necessary;
- (h) Unfinished business;
- (i) New business; and
- (j) Adjournment.

ARTICLE III.

BOARD OF DIRECTORS

The property, affairs and business of the Association shall be managed by the Board of Directors; provided, however, that the provisions of this Article are subject to the provisions of Article VI of these By-Laws.

SECTION 3. 1. NUMBER, TERM OF OFFICE AND QUALIFICATIONS: The number constituting the Board of Directors shall not be fewer than three (3). Each Director shall continue in office until the annual meeting of the membership held next after his election and until his successor shall have been elected and qualified or until his death or until he shall resign or shall have become disqualified or removed from office. Directors need not be residents of the State of North Carolina, nor year-round residents of the development; provided, however, that each Director shall be an Owner or spouse of an Owner in the development and in the case of partnership Owners, shall be a member or

employee of such partnership, and in the case of corporate Owners, shall be an officer, shareholder, or employee of such corporation, and in the case of fiduciary Owners, shall be the fiduciary, or an officer or employee of such fiduciary.

SECTION 3.2. ELECTION OF DIRECTORS. The election of the Board of Directors shall be conducted in the following manner:

- (a) The election of Directors shall be held at the annual meeting of the membership;
- (b) Nominations for directorships shall be made from the floor by the membership or by the Board of Directors;
- (c) The election shall be by written ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast, each person representing a membership entitled to vote being entitled to cast one (1) vote for each of as many nominees as there are directorships to be filled. There shall be no cumulative voting.

SECTION 3.3. REMOVAL OF DIRECTORS: Any Director may be removed by concurrence of two-thirds (2/3) of the votes of the membership of the Association present at a special meeting of the membership called for the consideration of such removal. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

SECTION 3.4. ORGANIZATION MEETING: The organization meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

SECTION 3.5. REGULAR MEETINGS: Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two such meetings shall be held during each fiscal year. Notice of the regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by personal delivery, mail or telegraph, at least five (5) business days prior to the day named for such meetings.

SECTION 3.6. SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by the President of the Association on five (5) business days' notice to each member of the Board of Directors, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notices on the written request of any member of the Board of Directors.

SECTION 3.7. 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 of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Board of Directors are present to any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 3.8. QUORUM: At all meetings of the Board of Directors a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at such a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called, may be transacted without further notice.

SECTION 3.9. COMPENSATION. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

SECTION 3.10. JOINDER IN MEETING BY APPROVAL OF MINUTES: The joinder of a director in the action of a meeting by signing and concurring of the minutes of that meeting shall constitute the presence of such director at such meeting for the purpose of determining a quorum.

SECTION 3.11. PRESIDING OFFICER AT DIRECTORS' MEETINGS: The presiding officer of a directors' meeting shall be the President of the Association. In the absence of the presiding officer the directors present shall designate one of their number to preside.

SECTION 3.12. ORDER OF BUSINESS AT DIRECTORS' MEETINGS: The order of business at directors' meetings shall be:

- (a) The calling of the roll;
- (b) The proof of due notice of the meeting;
- (c) Reading and disposal of any unapproved minutes;
- (d) The reports of officers and committees;
- (e) The election of officers;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

SECTION 3.13. POWERS AND DUTIES: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association except such powers and duties as by law or by these By-Laws may not be delegated to the Board of Directors by the membership of the Association. The powers and duties to be exercised and performed by the Board of Directors shall include, but shall not be limited to the following:

- (a) The operation, care, upkeep and maintenance of the common elements and the improvements thereon;
- (b) The levying and collection of the assessments from the membership owners;
- (c) The employment and dismissal of personnel as necessary for the efficient maintenance of the development and operation of the Association;
- (d) The adoption and the amendment of rules and regulations governing the operation of the Association and the use and enjoyment of the patio homes and the common elements;
- (e) The opening and maintaining of bank accounts on behalf of the Association and designating the signatures required therefor;
- (f) The making of repairs, additions and improvements to, or alterations of, the property, and repairs to and restoration of the property, in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation, or eminent domain proceedings, or as required by the Declaration;
- (g) The levying of fines or expenses against the members of the Association for violations of the Rules and Regulations established pursuant to these By-Laws to govern the use and enjoyment of the lots, patio homes, common elements and the improvements thereon;
- (h) The borrowing of money on behalf of the Association when required in connection with the operation, care, upkeep or maintenance of the common elements and the improvements thereon, provided however, that
- (1) The consent of at least seventy-five percent (75%) of the entire membership, obtained at a special meeting duly called and held for such purposes in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$2,500.00;
- (i) The adjusting and settling of claims under insurance policies obtained pursuant to the By-Laws and the Declaration of Covenants, Conditions