

BYLAWS
OF
751 SOUTH COMMUNITY ASSOCIATION, INC.

ARTICLE I

PLAN OF COMMON PROPERTY CONTROL

Section 1. Association. The 751 South Community Association, Inc., a North Carolina non-profit corporation (herein "ASSOCIATION") was incorporated June 13, 2018.

Section 2. Development & Declaration. Owners of those lands lying in the Durham County, North Carolina, more particularly described in a Declaration for 751 South (herein "Declaration"), recorded in Book 8442 page 666, Durham County Registry, as amended are members of the Association. The land subject to the Declaration is known as 751 South (herein "Development").

Section 3. Applicability of Bylaws. All present and future owners, mortgagees, lessees, and occupants within the Development, and their agents, servants, and employees, and any other persons who may make use of the facilities of the Development in any manner, are subject to these Bylaws and to the Rules and Regulations adopted pursuant hereto, and to any amendments to these Bylaws upon the same being duly adopted.

The acceptance of a deed or conveyance to, or the entering into of a lease to, or the act of occupancy of, property in the Development by any person shall conclusively establish the acceptance and ratification by such person of these Bylaws (and any Rules and Regulations adopted pursuant hereto), the Articles of Incorporation, and the Declaration as they may be amended from time to time, and shall constitute and evidence an agreement by such persons to comply with those governing documents.

ARTICLE II

DEFINITIONS

All terms herein shall have the same meaning as set forth in the Declaration.

ARTICLE III

OFFICES

Section 1. The principal office of the Association shall be located at 9310 North Carolina Highway 751, Durham, North Carolina 27713.

Section 2. The registered office of the Association may, but need not be, identical with the principal office, but shall be located in North Carolina.

Section 3. The Association may have such other offices, either within or without the State of North Carolina, as the Board may from time to time determine or as the affairs of the Association may require.

ARTICLE IV

ASSOCIATION OF OWNERS

Section 1. Members. The qualification of members, the manner of their admission to membership and termination of such membership shall be as set forth in the Articles of Incorporation of the Association and the Declaration.

Section 2. Annual Meetings. An annual meeting of the Association shall be held 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. The annual meetings shall be held at 7:00 p.m. on the first Wednesday of September of each year, unless such day shall be a legal holiday, in which event the meeting shall be held at the same time on the day next following which is not a legal holiday.

Section 3. Substitute annual meetings. If an annual meeting is not held on the day designated in the Bylaws, a substitute annual meeting may be called in the same manner as a special meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special meetings. Special meetings of the Association may be called at any time by the President, a majority of the members of the Board of Directors or by the President upon the written request of the Owners of not less than twenty percent (20%) of the voting interests as established by the Declaration.

Section 5. Place of meetings. All meetings of the Association shall be held at the principal office of the Association, or at such other place, as shall be designated in the notice of the meeting.

Section 6. Notice of meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed by first class mail, postage prepaid, not less than ten (10) nor more than sixty (60) days prior to the date of the meeting by the Secretary to each person entitled to vote at such meeting.

In the case of an annual meeting, substitute annual meeting, or special meeting, the notice of meeting shall state the time and place of the meeting as well as the items on the agenda to be considered, including, but not limited to, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, or any proposal to remove an officer or director.

When a meeting is adjourned for thirty (30) day or more, notice of the reconvening 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 shall not be necessary to give notice of the reconvening of the adjourned meeting other than by an announcement at the meeting at which the adjournment is effective.

Section 7. Quorum. The presence in person or by proxy at the beginning of any meeting of members constituting ten (10%) percent of the total votes entitled to be cast shall constitute a quorum. Unless otherwise expressly provided herein, any action, consistent with the notice of such meeting, may be taken at any meeting of the Association at which a quorum is present upon the affirmative vote of the members having a majority of the total votes present at such meeting.

If a quorum is not present at the opening of any meeting, the meeting may be adjourned from time to time by vote of a majority of the voting interests present, either in person or by proxy, and shall be reconvened at the date and time determined at the adjourned meeting, subject to the notice requirements set forth in Section

6 of this Article. Upon the reconvening of any meeting adjourned for lack of a quorum, the quorum required at such subsequent meeting shall be one-half (1/2) that required at the preceding meeting.

Section 8. Voting. (a) When any portion of The Properties entitling the Owner thereof to membership as a Class A Member is owned of record in the name of two (2) or more Persons, their acts and presence with respect to voting, written consents, and quorum requirements shall be as follows:

(1) If only one (1) of the Owners votes, in person or by proxy, then the vote of that Owner shall bind all of the Owners;

(2) If more than one (1) of the Owners votes, in person or by proxy, the act of the majority of those so voting shall bind all, and no fractional voting shall be allowed;

(3) If more than one (1) of the Owners votes, in person or by proxy, but the vote is evenly divided on any particular matter, the votes shall not be counted; and

(4) The presence at a meeting, in person or by proxy, of one or more of multiple owners of a Lot, Development Parcel or Apartment Unit shall be sufficient for quorum purposes with respect to the vote or votes attributable to such Lot, Development Parcel or Apartment Unit.

The principles of this paragraph shall apply, insofar as possible, to the execution of proxies, waivers, consents or objections.

(b) Except when this Declaration, other Governing Documents, or applicable Legal Requirements specifically require a higher percentage or require the applicable percentage to be calculated based on the number of votes "entitled to be cast": (i) the vote of a "simple majority" (defined as more than 50%) of the total number of votes cast by the Members present at a Duly Called Meeting of the Association shall be the act of the Members with respect to the matter subject to the vote; and (ii) when matters are required to be voted upon by each Class of membership (or by a specific Class or portion of a specific Class of Members - for example, with respect to Limited Common Property), the vote of a simple majority of the total number of votes cast by the Members of that Class (or applicable portion of that Class) present at a Duly Called Meeting of the Association shall be the act of that Class (or applicable portion of that Class) of Members with respect to the matter subject to the vote; provided, however, during the Development Period, the written consent of the Declarant shall be required to make effective any matter that affects the rights or obligations of the Declarant under this Declaration.

(c) Unless otherwise specifically prohibited in this Declaration, other Governing Documents, or any applicable Legal Requirements, any matter that may be adopted by the vote of Members may be adopted by the written consent of the Members or applicable Class of Members (or portion thereof), subject to the following: (i) the foregoing rules governing voting when there is more than one Owner of a particular portion of The Properties applies to written consents; (ii) the majority or other percentage required for adoption by voting is applicable to adoption by written consent, except that, with respect to written consents, the percentage shall be determined in relation to the number of votes that the Members, or applicable Class of Members (or portion thereof), would be entitled to cast; (iii) the date on which the last Member necessary to meet the percentage required for adoption signs the written consent shall not be more than one (1) year following the date that the first Member signs the written consent; (iv) a Member's written consent is binding unless revoked in writing prior to adoption of the matter by the required percentage of written consents; (v) a Member's written consent

becomes invalid if the Member ceases to be an Owner prior to adoption of the matter by the required percentage of written consents; and (vi) applicable provisions of the Act, Articles and Bylaws.

(d) The voting rights of an Owner may be assigned by the Owner to the Owner's lessee only by written instrument and only with respect to the portion of The Properties actually leased and occupied by the lessee.

(e) Payment of special assessments or any other assessments or charges shall not entitle Class A Members to any votes in addition to those specified for Class A Members in this Article.

(f) There shall be no cumulative voting.

Section 9. Waiver of notice. Any Owner, 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 an Owner at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof except where an 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 any meeting.

Section 10. Informal action by Owners. Any action which may be taken at a meeting of the Association 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 an action at a meeting and filed with the Secretary of the Association to be kept in the Association minute book.

Section 11. Class B Membership - Declarant Control. Notwithstanding the foregoing so long as Class B Membership exists, no Owner shall have a vote on any matter except matters concerning special assessments as set forth in the Articles of Incorporation and Declaration.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General powers. The business shall be managed and directed by the Board of Directors of the Association or by such executive committees as the Board may establish pursuant to these Bylaws. If any of the authority of the Board of Directors is vested in any committee, one member of each such committee shall be a Board member.

Section 2. Directors. The Association shall be governed by a Board consisting of not less than three (3) nor more than seven (7) Directors elected or appointed in accordance with the Governing Documents. The Initial Board shall have no less than three (3) members, and during the Declarant Control Period the Declarant has the sole right to elect (by appointment), remove, replace, and designate the term of, all of the Directors as the Declarant, in its sole discretion, from time to time determines.

At such time as Declarant's Class B Membership rights to appoint the members of the Board of Directors expires or is surrendered, the terms of the directors appointed by Declarant shall continue until the expiration dates of each of the terms. Then, upon expiration of the terms of the Directors appointed by Declarant, Directors shall be elected as provided in Section 3 of this Article V. At the end of such period where Declarant's Class B Membership rights have terminated or upon surrender of those rights and if all of

the Property has not been transferred by Declarant, the Declarant for all purposes shall be deemed a Owner and shall be entitled to vote in such elections as any other Owner. During the times when it has the right to designate Directors, the Declarant shall have the right in its sole discretion to replace any Director or Directors it appointed and to designate their successors.

Section 3. Election of directors. Except for the appointed directors provided for in Section 2 of this Article while Declarant is a Class B Member, and as otherwise provided in Section 4 of this Article, the directors shall be elected at the annual meeting of the Association; and those candidates who receive a majority of the votes shall be elected.

Section 4. Removal. Any elected director may be removed from office, with or without cause, by the affirmative vote of a majority of the voting interests of Owners present and entitled to vote at a special meeting called for that purpose. If any directors are so removed, new directors may be elected at the same meeting.

Section 5. Vacancies. An elective vacancy occurring in the Board of Directors, including directorships not filled by the voting members, may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director.

Section 6. Compensation. The Board of Directors shall receive reimbursement for expenses, but shall receive no compensation for their services unless expressly allowed by the Association upon the affirmative vote of its members.

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 Property.

Section 8. Powers. The Board of Directors shall have the powers necessary for the administration of the affairs of the Association as specified by law, the Declaration or these Bylaws, and may do all such acts and things, except such acts as by law, by the Declaration, or by these Bylaws may not be delegated to the Board of Directors.

Section 9. Duties. In addition to all rights and duties vested in the Board pursuant to the Declaration, It shall be the duty of the Board of Directors to:

(a) Administer, operate, maintain and repair the Common Areas.

(b) Enter upon any Lot and perform any repairs, maintenance or construction for which the Association is responsible at reasonable times and hours and with as little inconvenience to the Owner as practicable. The Association shall repair any damages to the Lot caused by such repair, maintenance or construction, and all costs incurred in performing these duties shall be a Common Expense of the Property, unless the Board shall determine that the repairs, maintenance or construction was necessitated by the negligence, misuse, unlawful act, or act in violation of the Declaration, these Bylaws or the Rules and Regulations of the Association by the Owner, in which event such costs may be assessed against the Owner, as by the Declaration prescribed.

(c) Determine the Common Expenses arising from the costs of administration, operation, care,

upkeep, maintenance, repair and construction of the Common Areas, including, without limitation, reserves for repair, reconstruction or replacement.

(d) Fix and assess in the manner provided by law and in the Declaration, the proportionate part of the Common Expenses of each Owner within the Development.

(e) Collect and enforce the collection of Common Expenses in the manner provided by law and in the Declaration, including, but not limited to legal proceedings for the enforcement of liens.

(f) Employ and dismiss personnel necessary to the maintenance and operation of the Common Areas.

(g) Adopt, amend, publish and enforce reasonable Rules and Regulations that it deems advisable and necessary for the proper administration, operation, maintenance, conservation, and beautification of the Development and for the health, comfort, safety, and general welfare of the Owners and occupants of the Lots. Copies of the published Rules and Regulations and amendments thereto shall be given to all the Owners and occupants and the Association and Property shall be administered, operated and maintained in conformity with such rules and regulations.

(h) Designate depositories for Association funds and the officers, agents and/or employees having the authority to deposit and withdraw such funds; and, in its discretion, to require such officers, agents or employees to be bonded in such amounts as it deems necessary.

(i) Sign all mortgages, deeds of trust, agreements, contracts, vouchers for payment of expenditures, deeds 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 the President and the Secretary.

(j) Procure and maintain adequate insurance of such nature and in such amounts as is provided in the Declaration, and such other insurance as the Board may deem necessary or appropriate, including, without limitation hazard insurance, liability insurance and officers and directors liability coverage.

(k) Appoint such committees as are provided for in these Bylaws and the Declaration.

(l) Exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration, operation and maintenance of the Association.

(m) Prepare an annual budget in which there shall be established the assessments of each Owner for the Common Expenses.

(n) Pay all taxes, charges and assessments which are or may become liens against any part of the Common Areas, and assess the same against the members and their respective Lots.

(o) To enforce by legal means or proceedings the provisions of the Articles of Incorporation, the Bylaws, the Declaration and the Rules and Regulations promulgated hereunder.

(p) To review and to approve architectural changes, alterations or modifications of Lots, to the

extent this is not already handled by the Architectural Committee of the Association.

(q) To establish fines and penalties for late payment of assessments and for violations of the Declaration, Bylaws and the Rules and Regulations.

(r) To impose reasonable charges for services especially provided to one or more Owners which charges or costs should not otherwise be a Common Expense.

(s) To institute, defend or intervene on behalf of the Association in litigation or administrative procedures affecting the Property.

(t) To cause additional improvements to be made to the Common Areas.

(u) To grant easements, leases, licenses, and concessions through or over the Common Areas.

(v) To exercise all other duties to which similar organizations have the power to perform and as by law provided.

Section 10. Persons who may serve. Every elected member of the Board shall be a Owner unless the Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, in which event any officer, director, agent or employee of such corporation, partner of such partnership, beneficiary or trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board, but members of the Board appointed by the Declarant need not be Owners.

Section 11. Liability of the Board. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The Association 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 contracts 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 of their liability as Owners. It is also intended that the liability of any Owner arising out of any contracts 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 proportions of the total liability thereunder as his voting interest in the Common Areas bears to the interest of all of the Owners. Every agreement made by the Board or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the manager, as the case may be, are acting only as agents for the Association, and shall have no personal liability thereunder (except as Owners), and that each Owner's liability thereunder shall be limited to such proportion to the total liability thereunder as its voting interest in the Association bears to the voting interest of all Owners.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Organizational meeting. The initial Board of Directors shall meet prior to conveyance of the first Lot by the Declarant. No notice to the Directors shall be necessary in order to legally constitute such meeting, provided that 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 Association. The Board may provide by adoption of an appropriate resolution for the time of the meeting to be held at the Principal Office of the corporation, or such other place as designated by the Board, and for other regular meetings of the Board.

Section 3. Special meetings. Special meetings of the Board may be called by or at the request of the President or by any two Directors. Such meetings may be held at any place within or outside 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 Board shall give actual notice, oral or written, to all Directors of the time, place and purpose of such meeting at least two days prior thereto.

Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

Section 5. Waiver of notice. Any member of the Board of Directors may give written waiver of notice at any time of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. If all of the members of the Board are present at any meeting thereof, 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.

Subject to the requirement for participation provided in Section 6 of this Article VI, a vote of a majority of the number of Directors fixed by the Bylaws shall be required to adopt a resolution constituting an executive committee.

Section 8. Organization. Each meeting of the Board of Directors shall be presided over by the President and in the absence of the President, by the Vice President, and in the absence of the Vice President, 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 the Assistant Secretary, any person designated by the presiding officer of the meeting shall act as Secretary of the meeting.

Section 9. Informal action of Directors. Subject to the requirement for participation as provided in Section 6 of this Article VI, any action taken by a majority of the Directors without a meeting shall constitute Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

Section 10. Minutes. The Board, and all committees to which the Board shall have delegated any of its authority, shall keep minutes of all the proceedings of the Board and the committees.

Section 11. Fidelity bonds. The Board of Directors may require any officer or employee of the

Association handling or responsible for Association funds to be covered by an adequate fidelity bond. The premiums on such bond shall constitute a Common Expense.

ARTICLE VII

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a president, a secretary, a treasurer and such vice presidents, assistant secretaries, assistant treasurers 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 that the office of President and Secretary may not be held by the same person.

Section 2. Election and term. A director designated by the Declarant shall serve as President so long as the Declarant designates the Board members. All other officers of the Association shall be elected by the Board of Directors, and such elections may be held at the regular annual meetings of the Board; provided, however, that prior to the first annual meeting, the Declarant shall appoint the officers from among the initial Board.

Each officer shall hold office for a period of one (1) year or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualified.

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, and any officer or agent appointed or designated by the Declarant may be removed by the Declarant with or without cause. Such removal, however, 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, but the Board may reimburse any officer for any direct expenses incurred by him in the performance of his duties as such officer and such reimbursement shall be a Common Expense.

Section 5. President. The President 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 Property. The President shall, when present, preside at all meetings of the Board and of the Association, and, in general, shall 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. The President shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

Section 6. Vice President. The Vice President, and if there be more than one, the Vice Presidents shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President.

Section 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Association and of the Board. He shall give, or cause to be given, all notices required by law and these Bylaws. He shall have general charge of the minute books and records of both the Association and of 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 to him from time to time by

the President 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 records of the finances of the Association in books specially provided for that purpose. He shall cause a true statement to be prepared as of the close of each fiscal year setting forth, in reasonable detail, the assets and liabilities of the Association, the changes in surplus for such fiscal year, and the result of the operations of the Association. The statement shall be filed in the principal office of the Association and kept available for inspection by any 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 laws, and shall generally perform all other duties as may be assigned to him from time to time by the President 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 or the 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 Treasurer, respectively, or by the President or Board of Directors.

ARTICLE VIII

OPERATION OF THE PROPERTY

Section 1. Determination of common expenses and fixing of common expense. The Board of Directors, from time to time, and at least annually, shall prepare a budget for the Common Areas, determine the amount of the "Common Expenses" payable by the Owners to meet the expenses of the Common Areas, and shall allocate and assess the Common Expenses among the Owners thereof as set forth in the Declaration. A part of the Common Expenses of the Common Areas shall include, among other things, and without limitation, the administrative expenses of the Association, and maintenance, repair and replacement costs of the Common Areas, utilities costs, Lot acquisition costs and the costs of all premiums for insurance obtained pursuant to the provisions of the Declaration. The budget of the Association in the discretion of the Board, and as necessary, may include, without limitation, amounts for: funding deficits for any prior year; a reserve for working capital; a reserve for maintenance and replacement; and a general operating reserve.

Section 2. Payment of Common Expenses. All 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 at such time or times as the Board shall determine.

No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a consummated sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot. A purchaser of a Lot shall be jointly and severally liable with the seller for the payment of the Common Expenses assessed against such Lot prior to the acquisition by the purchaser of such Lot, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided, that a first-lien mortgagee or other purchaser of a Lot at a foreclosure sale of such Lot shall not be liable for, and such Lot shall not be subject to, a lien for the payment of Common Expenses assessed prior to such foreclosure sale, and such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Owners, including such purchaser, his successors and assigns.

Section 3. Collection of assessments. After the first Lot is sold, the Board of Directors shall

assess Common Expenses against the Owners from time to time and at least annually and shall take prompt action to collect any Common Expenses due from any Owner which remains unpaid for more than thirty (30) days from the due date of the payment thereof. In the event of an increase in such Common Expenses, the Board of Directors shall advise each Owner, in writing, of such increased assessment prior to the date of which the first increased payment is due.

Section 4. Default in payment of Common Expenses. In the event of default by any Owner in paying to the Board of Directors the Common Expenses as determined by the Board, such Owner shall be obligated to pay interest at the highest rate permitted by law but not to exceed 18% per annum on such Common Expenses from the due date thereof, together with a penalty established by the Board for nonpayment and with all expenses, including reasonable attorneys' fees 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 penalties and the interest thereon and the expenses of the proceeding, including reasonable attorneys' fees in any action to recover the same brought against such Owner, or by foreclosure of the lien on such Lot.

Section 5. Foreclosure of liens for unpaid Common Expenses. In any action brought by the Board to foreclose on a Lot because of unpaid Common Expenses, the Owner shall be required to pay a reasonable rental for the use of his Lot, 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 Owners, or on behalf of any one or more individual Owners, if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover money judgment for unpaid Common Expenses may be maintainable without foreclosing or waiving the lien securing the same.

Section 6. Statement of Common Expenses. The Board of Directors shall promptly provide any Owner, its grantee or contract purchaser making written request therefor, a written statement of all unpaid Common Expenses due from such Owner.

Section 7. Maintenance and repair. Maintenance and repair of the Lots and Common Elements shall be accomplished in the manner described in the Declaration and by the parties identified for that purpose in the Declaration.

Section 8. Use of Common Areas. The Common Areas shall be used only for the purposes for which they are intended in furnishing services and facilities for the enjoyment of the Lots.

Until all of the Lots of the Declarant referred to in Article I, Section 1, hereof have been sold, neither the Owners nor the Board shall interfere with the sale of additional Lots. Declarant may make such use of the unsold Lots and the Common Areas as may facilitate such completion and sale, including, but not limited to, the rental of the same, showing of the Lots and the display of signs and maintenance of a sales office.

Section 9. Rules of conduct. Rules and Regulations concerning the use of the Common Areas may be promulgated and amended by the Board. Copies of such Rules and Regulations shall be furnished by the Board to each Owner, and all amendments and new Rules and Regulations shall be furnished to Owners prior to the time that amendment or new rule or regulation becomes effective.

Section 10. Utility charges. All charges for utilities used in connection with the maintenance and use of the Common Areas shall be a Common Expense.

ARTICLE IX

RECORDS AND AUDITS

The Board of Directors or the manager shall keep detailed records of actions of the Board and the manager, minutes of the meetings of the Board of Directors, minutes of meetings of the Association, and financial records and books of accounts, including a chronological listing of receipts and expenditures, which, among other things, shall contain the amount of each assessment of the Common Expenses against each Lot, the date when due, and amounts paid thereon, and the balance remaining unpaid, and including maintenance and repair expenses of the Common Areas and any other expenses incurred. The financial record and books of account shall be available in the principal office of the Association for examination by any Owner or his duly authorized agent or attorney at convenient hours on working days by prior arrangement with the Board or the manager. A certified report of all receipts and expenditures of the Association and Property shall be rendered by the Board, and made available to all Owners on or before the 120th day following the close of each fiscal year, covering the preceding year. All books and records shall be kept in accordance with good and accepted accounting practices.

ARTICLE X

AMENDMENT OF BYLAWS

Section 1. Amendment by Owners. Except as provided in Section 2 below, these Bylaws may be amended by the affirmative vote of the voting members having at least sixty-seven percent (67%) of the aggregate voting interests, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Such amendment shall be executed in the name of the Association and recorded in the Office of the Register of Deeds of the county in which the Property is located. No such amendment shall be effective until duly recorded as aforesaid.

Section 2. Amendment by Declarant or the Board. The Declarant, for so long as it controls the Board and remains a Class B member, may amend these Bylaws without the consent of the Owners.

The Board of Directors may amend these Bylaws without the consent of the Owners:

- (a) To correct any obvious error or inconsistency in drafting, typing or reproduction; and
- (b) To conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots therein for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any governmental corporation or agency regarding purchase of mortgage interests in Units by such agency.

ARTICLE XI

CONFLICTS

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