

**SECOND AMENDED AND RESTATED BYLAWS
OF
COLVARD FARMS HOMEOWNERS ASSOCIATION, INC.**

This SECOND AMENDED AND RESTATED BYLAWS FOR COLVARD FARMS HOMEOWNERS ASSOCIATION, INC. is made as of this 15 day of January, 2026, by the undersigned, representing the affirmative vote of a majority of the Lot Owners in Colvard Farms at a duly held meeting by written ballot, all being Members of Colvard Farms Homeowners Association, Inc., a North Carolina nonprofit corporation (hereinafter, the "Association").

W I T N E S S E T H:

WHEREAS, the First Amended and Restated Bylaws of Colvard Farms Homeowners Association, Inc. was adopted on January 16, 2014; and

WHEREAS, Article XIII, Section 3 of the First Amended and Restated Bylaws provides that the Bylaws may be amended at a regular or special meeting of the Members of the Association by the affirmative vote of a majority of the Members represented in person or by proxy; and

WHEREAS, pursuant to N.C.G.S. § 55A-7-08 a meeting by mail was duly held on November 10, 2025, at which a quorum of written ballots was returned, and by the affirmative vote of a majority of Members, the Second Amended and Restated Bylaws set forth herein was approved; and

WHEREAS, it is the intent that this Second Amended and Restated Bylaws shall be applicable to all Owners, and this Second Amended and Restated Bylaws shall remain in effect until otherwise rescinded, modified, or amended by the Members of the Association pursuant to the Bylaws; and

NOW, THEREFORE, the undersigned does hereby declare that the Bylaws for Colvard Farms Homeowners Association, Inc. shall be amended and restated as follows:

**AMENDED AND RESTATED BYLAWS
OF COLVARD FARMS HOMEOWNERS ASSOCIATION, INC.
[Adopted November 10, 2025]**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is **Colvard Farms Homeowners Association, Inc.**, hereinafter referred to as the “Association”. The principal office of the corporation shall be located in North Carolina. Meetings of Members and directors may be held at suitable places convenient to the Members and the Board, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Unless otherwise specified, the words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized words shall have the same meaning as set forth in that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Colvard Farms Subdivision recorded originally in Book 920, Page 978 and amended and restated at Book 991, Page 311 of the Chatham County Registry, as it may be amended and supplemented from time to time and as originally recorded at Book 3787, Page 370 of the Durham County Registry, as it may be amended and supplemented from time to time (collectively, the “Declaration”).

**ARTICLE III
MEETINGS**

Section 1. Annual Meetings. An annual meeting of the Members must be held at least once each year.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president, a majority of the Board, or upon a written request of the Owners having at least twenty percent (20%) of the votes in the Association.

Section 3. Notice of Meetings. Written notice of any meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, not less than ten (10) nor more than sixty (60) days in advance of any meeting. Notice shall be hand-delivered, sent by United States mail to the mailing address of each Lot or to any other mailing address last designated in writing by the Lot Owner, or sent by electronic means including electronic mail to an electronic mailing address last designated by the Lot Owner. The notice of any meeting shall state the date, time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the declaration or bylaws, and any proposal to remove a director or officer. In the case of a special meeting, the notice of the meeting shall include a description of the matter or matters for which the meeting is called.

Section 4. Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to holding the meeting or transacting business at the meeting, at the beginning of the meeting. Attendance at a meeting shall also be deemed waiver of the objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 5. Majority. As used in these Bylaws, the term “majority” shall mean those votes, Members or other groups as the context may indicate, totaling more than fifty percent (50%) of the total number.

Section 6. Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members, who are present at such meeting, either in person or by proxy, may adjourn the meeting to a later date. If a meeting is adjourned to a later date, new notice of the meeting shall be sent to the Members in accordance with the provisions of Article III, Section 3 of these Bylaws.

Section 7. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the total votes of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. The quorum requirement at the next meeting shall be reduced by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. If a meeting is adjourned to a later date, new notice of the meeting shall be sent to the Members in accordance with the provisions of Article III, Section 3 of these Bylaws.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, signed by the Owner and filed with the Secretary or other officer or agent authorized to tabulate votes before the time of the meeting. An appointment in the form of an electronic record that bears the Member’s electronic signature and that may be directly reproduced in paper form by an automated process shall be deemed a valid appointment form. A proxy is void if it is not dated. A proxy terminates eleven (11) months after its date unless it specifies a shorter term. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 9. Membership and Voting Rights. The voting rights of the Members are set forth in the Declaration and incorporated herein by reference. Membership in the Association shall be limited to the Owners, and every Owner of a Lot shall automatically be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from

Lot ownership. Members shall be entitled to one (1) vote for each Lot owned. When more than one person or entity holds such interest in any Lot, the vote for such Lot shall be exercised as they among themselves determine (including the division thereof into fractional votes), but in connection with any particular vote no more than one (1) Member vote shall be cast with respect to each Lot.

(a) Associate Members, Pursuant to the Declaration Amendment recorded in book 1148, Page 39 of the Chatham County Registry and Book 5659, Page 191 of the Durham County Registry, a separate category of members was created and known as Associate Members. An Associate Member is an Owner of a Colvard Farm Executive Estates Lot, as shown on the plat recorded in Plat File 99-524 of the Chatham County Registry (“CFEE”). Associate Members shall be entitled to one (1) vote for each CFEE Lot owned by such Association Member, but only with respect to matters coming before the Association that affect annual or special assessments. Otherwise, Associate Members shall be non-voting members of the Association who are not entitled to vote on any other matters of Association business and shall not be counted for purposes of determining a quorum of Members.

(b) Associate Members have a right to use the HOA’s common areas, subject to the Declaration and rules and regs, but only as they relate to use and enjoyment of the common areas. In exchange, CFEE Owners agreed to contribute to the maintenance of those Common Areas to the same extent as if their Lots were subject to the Declaration. These payments are due and payable on same terms as assessments owed by HOA members, and the HOA retains the same lien and foreclosure rights for nonpayment.

(c) Associate Member have a right to access the water, sewer and irrigation facilities serving the HOA. In exchange, they agreed to pay the standard rates for water and sewer rates applicable to other HOA members.

(d) Associate Members are not Members of the CF HOA therefore they cannot serve as directors.

(e) Associate Members may serve on committees as long as there are two Members of the CF HOA on the committee (NCGS 55A-8-25) and the Board approves their appointment.

(f) Associate Members may be officers with Board approval.

Section 10. Electronic Communications and Electronic Voting. The use of electronic transactions and transmissions by the Members and the Board is authorized in lieu of other forms of communication to the fullest extent allowed by North Carolina law, including without limitation, the Planned Community Act, Nonprofit Corporation Act and Article 40 of Chapter 66 of the North Carolina General Statutes. Pursuant to Chapter 55A, a Member’s designation of an email address to the Association shall be deemed consent to receive all communications from the Association and to conduct business of the Association electronically. The Board may adopt a web-based or other electronic based method of voting which allows owners to cast votes

electronically and may also adopt measures allowing for virtual meetings and participation therein. The Board, in its discretion, may require that meetings of the Members or Board be held virtually.

Section 11. Action by Written and Electronic Ballot Without a Meeting. Pursuant to N.C.G.S. § 55A-7-08 and at the discretion of the Board, any action that may be taken at any annual, regular or special meetings of the Members may be taken without a meeting if the Association delivers a written or electronic ballot to each Member entitled to vote on the matter. The written or electronic ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written or electronic ballot of an action shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written or electronic ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than the election of directors; and specify the time by which a ballot must be received by the Association in order to be counted. A timely written or electronic ballot received by the Association may not be revoked. The results of each action by written or electronic ballot shall be certified by the Secretary and shall be included in the minutes of meetings of Members filed in the Association's permanent records.

ARTICLE IV **BOARD OF DIRECTORS; NUMBER; MEETINGS; TERM OF OFFICE**

Section 1. Number. The affairs of this Association shall be managed by a Board of at least three (3) directors and not more than five (5) directors as the Board may, from time to time, determine by resolution. Any natural person who is a Member of the Association may serve as a director; provided, however, that for any Lot owned by more than one person or entity, only one co-owner of the Lot may hold a position on the Board concurrently.

Section 2. Terms of Office. The Board of Directors' terms shall be staggered in duration in order to ensure the continuity of experience and wisdom on the Board. The initial terms of those Directors elected at that first annual meeting held after the adoption of those originally amended and restated Bylaws was one Director for a term of one (1) year; and two Directors each for a term of two (2) years. The successor Directors elected at the expiration of each term of those initial terms shall serve a term of two (2) years. Directors shall take office upon election and shall hold office until their resignation, death, removal or their successor is elected and takes office.

(a) In the event that the Board by resolution decides to ever increase to five (5) directors as allowed under these Bylaws, then the terms of the two additional directors shall be staggered and one newly added director shall serve an initial term of one (1) year and one newly added director shall serve an initial term of two (2) years. The remaining three directors shall continue their existing staggered terms, with all subsequent elections filling terms of two (2) years. The

vacancies thereby created by such a Board resolution to increase to five directors shall be filled as the Board determines in its sole discretion whether by the appointment of the Board or by the members of the Association at the next annual meeting of the members.

Section 3. Nomination. Nomination for election to the Board of Directors may be made by any Member of the Association in advance of the meeting at which election is to take place. Nominations may also be made from the floor at the annual meeting. All nominees for election to the Board shall be a Member in good standing. As used herein, the term “good standing” shall mean that the Member is (i) not delinquent on any assessment payment; (ii) not in current violation of the Declaration, Bylaws or rules and regulations of the Association; and (iii) has executed the Code of Conduct. Every candidate for election to the Board must satisfy the foregoing requirements before that individual’s name may appear on a ballot.

Section 4. Election. Election to the Board of Directors shall be by written or electronic ballot. At such an election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these Bylaws and the Declaration. The persons receiving the highest number of votes shall be elected. Cumulative voting is not allowed.

Section 5. Removal. Any director may be removed from the Board (i) with or without cause, by a majority vote of those Members present and entitled to vote at any regular or special meetings of the Members at which a quorum is present or (ii) by a majority of the Board in the event that director shall be absent from three (3) consecutive meetings of the Board of Directors. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 6. Resignation. A director may resign at any time by communicating his or her resignation to the Board. A resignation shall be effective upon the date of receipt unless the notice specifies in writing a later effective date or subsequent event upon which it will become effective.

Section 7. Vacancies. A vacancy in any director seat arising because of death, resignation, removal or otherwise may be filled by appointment by the Board. The person appointed to such vacancy shall serve for the remainder of the term of the director he replaces.

Section 8. Compensation. No director shall receive compensation for any service he/she may render to the Association. However, any director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

ARTICLE V **MEETINGS OF DIRECTORS**

Section 1. 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 Board, but at

least four (4) such meetings shall be held during each fiscal year. Notice of the regular schedule shall constitute sufficient notice of such meetings.

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

Section 3. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice. The waiver of notice need not specify the purpose of the meeting. A Director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the Director at the beginning of the meeting (or promptly upon his arrival to the meeting) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4. Quorum of the Board of Directors. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At 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 5. Executive Session. The Board may with approval of a majority of a quorum of the Board members, adjourn a Board meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is involved, sensitive, private or confidential information of a Member is involved, and orders of business of a similar nature.

Section 6. Action Taken Without a Formal Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting if the action is taken by all members of the Board. The action shall be evidenced by one or more written consents signed by each director describing the action taken, which are to be included in the minutes or filed with the corporate records. Such consents may be in electronic form and delivered by electronic means. As such an email from the director consenting to the action to be taken and describing the action to be taken constitutes a consent. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 7. Participation in Meetings. Members of the Board or of any committee that the Board appoints may participate in a meeting of the Board or committee by conference telephone, video conference, or similar method of communication, provided all persons participating in the meeting can hear each other simultaneously. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have all powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, the Articles of Incorporation, these Bylaws, and otherwise by law that are not directed to be done and exercised exclusively by the Members including, but not limited to, the power to:

(a) establish reasonable rules and regulations concerning the use of the Common Property and/or Open Spaces (collectively referred to herein as "Common Areas") and the personal conduct of the Members and their guests thereon, as well as rules and regulations concerning use of the Common Areas or any other types of rules and regulations concerning any Property within the jurisdiction of the Association as authorized under the Declaration and establish Architectural Review Guidelines ("ARC Guidelines). Copies of such rules and regulations, including the ARC Guidelines and amendments thereto shall be furnished by the Board of Directors to all Members prior to the rule's effective date. Such regulations shall be binding upon the Members, their families, tenants, guests, invitees, and agents until and unless such regulation, rule, or requirement shall be specifically overruled, cancelled, or modified by the Board.

(b) impose reasonable monetary fines not to exceed one hundred dollars (\$100.00) per day per violation, or the maximum amount allowed by law, for a violation of the Declaration, these Bylaws or the rules and regulations of the Association. No such monetary fine shall be imposed except following a hearing before the Board of Directors, which shall accord to the party charged with the violation notice of the charge, opportunity to be heard and to present evidence in accordance with N.C.G.S. § 47F-3.107.1.

(c) make or contract for the making of capital improvements upon the Common Areas.

(d) enforce the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by the Board and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association or the Declaration.

(e) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for a violation of the Declaration, these Bylaws, or the rules and regulations of the Association.

(f) suspend the community privileges (including use of recreational facilities, if any) of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for an infraction of for violation of the Declaration, these Bylaws, or the rules and regulations of the Association.

(g) borrow money for the purpose of improving, acquiring, repairing, modifying, or restoring the Common Area with the requisite approval of the Members.

(h) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

(i) exercise for the Association all powers, duties and authority vested in or delegated to the Association by virtue of the Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes; by virtue of the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes; and by virtue of any other applicable statute.

(j) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive meetings of the Board of Directors; and

(k) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to, without limitation:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a summary thereof to the Members at the annual meeting of the Members.

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

(c) as more fully provided in the Declaration or by statute, levy and collect assessments and provide adequate reserves to offset future Common Area expenditures requiring capital maintenance, repair or replacement. Reserves shall be allocated in accordance with the latest reserve study to be performed by an engineering firm qualified to perform homeowner association reserve studies. Reserves may be used by the Board in its sole discretion for any purposes provided in such reserve study without a vote of the membership. Reserves may only be used by the Board for a non-reserve study purpose, meaning capital improvements to the Common Area, such as additional amenities or infrastructure and facilities that were not contemplated by Developer as part of the existing development plans, upon the approval by vote of at least sixty-seven percent (67%) of the Members in the entire Association represented in person or by proxy at a meeting of the Members called for such purpose at which a quorum is present; provided, however, that the Board may use the reserves without such a vote of the Members in order to address an emergency or urgent situation where in the sole determination of the Board, the safety or well-being of the community may be at risk, including but not limited to, a natural disaster event or a power outage preventing the delivery of potable water to the Members;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a

certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

- (e) cause the Common Areas and Areas of Common Responsibility to be maintained.
- (f) procure and maintain adequate property and liability insurance in accordance with N.C.G.S. § 47F-3-113 and any other forms of insurance required by the Declaration; and
- (g) pay all ad valorem taxes and public assessments relating to the Common Areas.

Section 3. Management Company. The Board may employ for the Association a professional management agent or agents at such compensation, as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent such powers as are necessary to perform the manager's assigned duties but shall not delegate policy-making authority or ultimate responsibility for those duties set out in Article VI, Section 2.

ARTICLE VII **OFFICERS**

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create. The officers may be any natural person and need not be Members of the Association. All officers that are Members of the Association shall be in good standing. As used herein, the term "good standing" shall mean that the Member is (i) not delinquent on any assessment payment; (ii) not in current violation of the Declaration, Bylaws or rules and regulations of the Association; and (iii) has executed the Code of Conduct. Every candidate for an officer position that is a Member of the Association must also satisfy the foregoing requirements.

Section 2. Election of Officers; Term. The officers of the Association shall be elected annually by the Board. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. Each officer shall hold office for two (2) years unless he/she shall sooner resign, or be removed, or otherwise disqualified to serve.

Section 3. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such a period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 4. Removal. Any officer may be removed from office with or without cause by a majority of the Board.

Section 5. Resignation. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein.

Section 6. Vacancies. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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

(a) President. The President shall preside at all meetings of the Board of Directors and the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments; shall prepare, execute, certify, and record amendments to the Declaration in accordance with the amendment provisions set forth therein; and shall co-sign all promissory notes.

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

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; shall certify and record any amendments to the Declaration; and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual compilation or review of the Association books to be made at the completion of each fiscal year; cause an audit of the accounts of the Association to be made no less than every three years; shall manage investments to provide availability of funds to meet capital program and repair projections; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 8. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 3 of this Article.

ARTICLE VIII **COMMITTEES**

Such committees shall include, but are not limited to an Architectural Review Committee, which shall operate in accordance with Article IX of the Declaration. The Board of Directors may create one or more committees of the Board and appoint such committee members as are authorized in the Declaration or as it deems appropriate to perform such tasks and to serve for such periods as

the Board may designate by resolution. Each committee shall operate in accordance with the term so such resolution and each committee member shall serve at the pleasure of the Board. Thereby the Board may dissolve any such committees at any time as deemed appropriate and remove any committee members at any time. If more than one owner or co-owner of a Lot and/or spouses or domestic partners are serving on the same committee at the same time, then such individuals may only cast one (1) combined vote during any committee meetings or the conducting of committee business.

Each committee shall operate in accordance with the terms of such resolution, which pursuant to N.C.G.S. § 55A-8-25(e), shall include that a committee of the Board shall not (1) authorize distribution of Association funds; (2) recommend to members or approve dissolution, merger or the sale, pledge or transfer of any or substantially all of the corporation's assets; (3) elect, appoint or remove directors, or fill vacancies on the Board of Directors or on any of its committees; (4) adopt, amend, or repeal the Articles of Incorporation or Bylaws. Nor shall the committees have the authority to speak or take any actions on behalf of the Board or bind the Association financially or contractually, unless authorized by the Board in advance of such action. Any person serving on a committee must be in good standing as defined hereinabove.

ARTICLE IX **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Association shall indemnify any director against liabilities and reasonable litigation expenses, including attorney's fees, incurred by the director in connection with any action, suit or proceeding in which the director or officer is made or is threatened to be made a party by reason of being or having been such director or officer, except in relation to matters as to which the director shall be adjudged in such action, suit or proceeding to have acted in bad faith or outside the scope of his/her duties as a director, or to have been liable or guilty by reason of willful misconduct in the performance of duty.

ARTICLE X **BOOKS AND RECORDS**

The books and records of the Association shall be subject to inspection by any Member in accordance with Chapter 55A of the North Carolina General Statutes. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI **CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1. Contracts. Consistent with the purpose of the Association as contained in the Articles of Incorporation, the Board may authorize any officers or agents to enter into any contract or lease or execute and deliver any instrument on behalf of the Association and such authority may be general or confined to specific instances. Any service, maintenance, or management like contract

entered into by the Association for an ongoing regular service shall contain a provision allowing the Association to terminate the contract without penalty or extra charge, without cause upon thirty (30) days' advance written notice. Except in the case of a sole source provider under an existing service, maintenance or management like contract, multiple bids are required for all contracts in order to foster competition and to achieve the best solution for the money. Any person with a real or perceived conflict of interest must recuse himself or herself from the contracting process.

Section 2. Loans. No loans that would encumber the Common Areas (grant a security interest) shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless in accordance with the requirements of the North Carolina Planned Community Act, the Articles of Incorporation, the Declaration, and only upon the affirmative vote of eighty percent (80%) of the votes in the Association, represented in person or by proxy at a Special Meeting for a which a quorum is established.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Association shall be signed by such officers or agents of the Association and in such a manner as shall from time to time be determined by a resolution of the Board.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board shall direct.

ARTICLE XII **MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by a resolution of the Board.

Section 2. Parliamentary Rules. The current edition of Robert's Rules of Order shall govern the conduct of the Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, these Bylaws, or resolutions of the Board.

Section 3. Amendment. These Bylaws may be amended by the Board if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation, or judicial determination. Otherwise, these Bylaws may only be amended by a majority vote of those members present in person or by proxy at a regular or special meeting of the members at which a quorum is present.

Section 4. Conflict. In the case of any conflicts, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and these Bylaws, in that order, shall prevail.

CERTIFICATION OF VALIDITY OF SECOND AMENDED AND RESTATED BYLAWS OF
COLVARD FARMS HOMEOWNERS ASSOCIATION, INC.

By authority of its Board of Directors, Colvard Farms Homeowners Association, Inc. hereby certifies that the foregoing instrument is a valid amendment and restatement of the Bylaws of said non-profit corporation, adopted by the affirmative vote of a majority of Members at a duly called meeting by written ballot pursuant to N.C.G.S. § 55A-7-08.

This 15 day of JANUARY 2026.

COLVARD FARMS HOMEOWNERS
ASSOCIATION, INC.

By:



President

ATTEST:

Kathleen Shyman
Secretary