6. STATEMENT OF ASSESSMENTS OR OTHER CHARGES. The Executive Board shall, within 10 days of a request and for a reasonable fee not to exceed $10.00, provide any purchaser, Unit Owner, encumbrancer or prospective encumbrancer of a Unit so requesting the same in writing, with a written statement of all unpaid assessments or other charges due from the Owner of that Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement.

7. MAINTENANCE AND REPAIR.

a. Each Unit Owner must perform work within his own Unit, which, if omitted, would adversely affect another Unit or the Common Elements. If the Unit Owner fails to perform such work, then such Unit Owner is responsible for the damages and liabilities caused by his failure.

b. All the repairs of the Units and of those items described in Section 3.3 of the Declaration shall be made by and at the expense of the Unit Owner.

c. All maintenance, repair and replacements to the Common Elements, unless otherwise provided in the Declaration, shall be made by the Association and shall be charged to all the Unit Owners as a Common Expense.

d. If damage for which a Unit Owner is legally responsible and which is not covered by insurance provided by the Association is inflicted on any Common Element or Limited Common Element, the Association may direct such Unit Owner to repair such damage or the Association may itself cause the repairs to be made and recover the costs thereof from the responsible Unit Owner.

e. If damage is inflicted on any Unit by an agent of the Association in the scope of his activities as such agent, then the Association is liable to repair such damage or to reimburse the Unit Owner for the cost of repairing such damages.

f. If the claim under Section 7.d. or 7.e. of this Article VI is $500.00 or less, a hearing may be held before an adjudicatory panel to determine if the Unit Owner is responsible for damages to any Common Element or the Association is responsible for damages to any Unit. The panel shall give (i) notice of the charge to the party charged with causing damages, (ii) an opportunity to be heard and to present evidence, and (iii) notice of the decision. The adjudicatory panel may assess a liability for each damage incident not in excess of five hundred dollars ($500.00) against the Unit Owner charged or the Association. Liabilities of Unit Owners so assessed shall be assessments secured by lien under N.C.G.S. § 47C-3-116. Liabilities of the Association may be offset by the Unit Owner against sums owing the Association, and if so offset, shall reduce the amount of any lien of the Association against the Unit at issue.

8. UTILITIES. If utility services serving Units are separately metered for each Unit, then each Unit Owner will maintain those utility accounts in his own name and be responsible for direct payment of the bills. However, certain utility services may be shared by more than one Unit, and those Unit(s) may also share such service(s) with the Common Elements. The Association shall maintain in its own name any utility account for a utility service which is shared by two or more Units or the Common Elements. The Association shall receive and pay the invoices for such shared utility service, and shall bill the Units served by such service in an equitable manner as the Executive Board may reasonably determine. Such charges shall be deemed assessments under the Declaration and these Bylaws and shall be secured by a lien pursuant to N.C.G.S. § 47C-3-116.

9. SUBJECT TO DECLARATION. All Unit Owners, their tenants, invitees, or any other party occupying a Unit is subject to the terms and conditions of the Declaration.

10. USE OF COMMON ELEMENTS. A Unit Owner, or tenants or invitees thereof, shall not place or cause to be placed in the walkways, sidewalks, driveways, parking spaces, yards, passages, stairwells, or other common areas any furniture, packages or obstructions of any kind. Such areas shall be held in common for the enjoyment of the Unit Owners or their designated tenants and shall be used for no purpose other than for normal transit through or use of them.

11. RIGHT OF ENTRY.

a. A Unit Owner or designated tenant shall grant the right of entry to any person authorized by the Executive Board in case of any emergency originating in or threatening his or its Unit, whether or not the Unit Owner is present at the time.

b. A Unit Owner or designated tenant shall permit the Association, or its representatives, when so required, access and the right to enter his or its Unit and the Limited Common Elements allocated to such Unit for the purpose of performing installations, alterations, or repairs to the Common Elements when it is reasonably necessary to access said Common Elements through a Unit, provided that such requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or designated tenant. In case of emergency, the right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Unit, if required by the Association, shall deposit with the Association a key to such Unit or Limited Common Element.

c. A Unit Owner or designated tenant shall permit another Unit Owner or its representatives, access and the right to enter his Unit and the Limited Common Elements allocated to his Unit when reasonably necessary for the other Unit Owner to perform his maintenance, repair and replacement obligations as required under the Declaration, provided that such requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or designated tenant.

12. RULES AND REGULATIONS. In order to assure the peaceful and orderly use and enjoyment of the Units and Common Elements, the Executive Board may from time to time adopt, modify, and revoke in whole or in part such reasonable rules and regulations, to be called Rules and Regulations, governing the conduct of people on the Property. Such Rules and Regulations, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Unit Owner by posting the same with postage prepaid addressed to the Unit Owner at the last registered address of the Unit Owner, or shall be delivered by electronic mail, and shall be binding upon all Unit Owners and the occupants of Units in the Condominium. The initial Rules and Regulations for the Condominium are as adopted by the Declarant and are attached hereto as Appendix I to these Bylaws.

15. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation or breach of any Rules and Regulations adopted by the Executive Board, these Bylaws, or the breach of any provisions of the Declaration shall give the Association the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which such violation or breach exists and to remedy, at the expense of the defaulting Unit Owner, the violation or breach, and the representatives of the Association entering such Unit shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorney's fees, and until such expense is recovered, it shall be a lien upon said Unit, which lien shall be inferior to the lien of all prior mortgages.

16. LITIGATION. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of 75% of the total votes of the Association. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the

Declaration (including, without limitation, the foreclosure of liens) or these Bylaws; (b) the imposition and collection of assessments as provided herein; (c) proceedings involving challenges to *ad valorem* taxation; or (d) defense of claims in proceedings initiated against the Association and counterclaims brought by the Association in proceedings instituted against it. In the event any claim is made against Declarant or any litigation is instituted against Declarant, then the Association shall impose a special assessment against all members, other than the Declarant (if permitted by law), for the costs of the claim or litigation, including, without limitation, attorney's fees incurred, and funds from periodic assessments shall not be used for any such claim or litigation.

17. ENFORCEMENT. The Association is empowered to enforce the terms and provisions of the Declaration, these Bylaws, and the Rules and Regulations by any proceeding at law or equity allowable under the North Carolina Condominium Act. If an Owner has violated the terms and provisions of the Declaration, these Bylaws, or the Rules and Regulations, the Executive Board or an adjudicatory panel (that is appointed by the Executive Board and consists of members of the Association who are not officers of the Association or members of the Executive Board) has the power to conduct a hearing to determine if the Unit Owner should be fined or condominium privileges or services should be suspended. The Unit Owner charged shall be given written notice of the charge at least 10 days prior to the hearing, an opportunity to be heard and to present evidence at the hearing, and written notice of the decision within three days of the conclusion of the hearing. If a fine is imposed, the fine shall not exceed $100.00 for each day occurring after the fifth day following the decision of the Executive Board or adjudicatory panel until the violation is cured. A fine under this section shall be an assessment secured by the lien established pursuant to the Declaration and N.C.G.S. § 47C-3-116. If a suspension of condominium privileges or services is imposed, such suspension may be continued without further hearing until the violation or delinquency is cured. A Unit Owner may appeal a decision of an adjudicatory panel to the full Executive Board by delivering written notice of appeal to the Executive Board within 15 days after receiving the written decision of the adjudicatory panel, and the Executive Board may affirm, vacate or modify the prior decision of the adjudicatory body.

18. PRE-LITIGATION MEDIATION. The Association shall notify members of the Association in writing each year that a member may initiate mediation under N.C.G.A. § 7A-38.3F for any dispute between the member and the Association (but specifically excluding disputes related solely to the failure to timely pay an assessment, fine or fee associated with the levying or collection of an assessment). The Association shall publish such notice on the Association's website, but if the Association does not have a website, the Association shall publish the notice at the same time and in the same manner as the names and addresses of all officers and board members of the Association are published under Section 3.d. of Article IV of these Bylaws. If either the Association or a Unit Owner elects to initiate mediation pursuant N.C.G.A. § 7A-38.3F, the other party may decline to engage in the mediation for any reason.

ARTICLE VII
INSURANCE

Not later than the time of the first conveyance of a Unit to a person other than Declarant, the Association shall be required to obtain from generally acceptable insurance carriers which meet the requirements set forth in the FNMA Conventional Home Mortgage Selling Contract Supplement and the Federal Home Loan Mortgage Corporation ("**FHLMC**") Sellers Guide and shall continue to maintain, as set forth below, in forms and amounts as hereinafter described, the following insurance, without prejudice to the right of a Unit Owner to obtain additional individual insurance at his or her or its own expense:

1. HAZARD INSURANCE. The Executive Board shall cause the Common Elements to be insured, as it may be constituted from time to time, against loss or damage due to all risks of direct physical loss commonly insured against, including fire and extended coverage perils, in an amount not less than the

maximum insurable replacement value of the Common Elements as determined by the Executive Board upon recommendation made by the Condominium's insurer, it being understood that the Executive Board, at its discretion, may have an appraisal made of the Property for this purpose, or in the amount reasonably obtainable as it relates to certain perils. The Executive Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, excluding only the improvements and betterments installed by the Unit Owners and contents and furnishings of the individual Units.

a. All hazard insurance policies obtained by the Executive Board, shall designate the named insured as the Association, as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Association as Insurance Trustee, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Act.

b. All hazard insurance policies obtained by the Executive Board shall provide for the issuance of certificates of insurance to each Unit Owner. Each Certificate shall evidence the issuance of the master policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Unit is mortgaged, a certificate of insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

c. If obtainable, all hazard insurance policies upon the Property shall include provisions providing that (i) each Unit Owner is an insured person under the policy with respect to liability arising out of his or her or its interest in the Common Elements or membership in the Association; (ii) the insurer waives any rights to subrogation under the policy against any Unit Owner, members of his or her household or such Unit Owner's employees; (iii) no act or omission by any Unit Owner, unless acting within the scope of his or her or its authority on behalf of the Association, will preclude recovery under the policy and (iv) if, at the time of loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

d. Each mortgagee of which the Executive Board has notice as herein provided shall be entitled to receive upon request a statement of the replacement value as determined according to these Bylaws. If any such mortgagee disagrees with the values assigned to the Property by such determination and presents an appraisal prepared at such mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Executive Board shall either adopt the higher value or shall cause a reappraisal to be made by a qualified appraiser approved by the Executive Board and by the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determine such value for insurance purposes.

e. Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Units within the Condominium which are covered by the master policy. Such policies shall also provide that they shall not be canceled without giving thirty (30) days prior written notice to all such mortgagees as to whom the insurer has been given written notice.

2. PUBLIC LIABILITY INSURANCE AND UMBRELLA LIABILITY INSURANCE. The Executive Board shall cause to be obtained comprehensive public liability insurance with the minimum coverages established by the Declaration, directors' and officers' liability insurance, and umbrella liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Association to a Unit Owner and to liabilities of one Unit Owner to another Unit Owner.

3. PREMIUM. All premiums upon insurance policies purchased by the Association shall be assessed as Common Expenses to be paid by the Unit Owners through periodic assessment.

4. ADJUSTMENT. Each Unit Owner shall be deemed to have delegated to the Executive Board his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owners.

5. INSURANCE BY UNIT OWNERS. Each Unit Owner shall be responsible for obtaining, at his sole expense, certain insurance as provided in the Declaration.

6. SUBSTITUTION OF INSURANCE TRUSTEE. The Association, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in the county in which the Condominium lies. Any substitute Insurance Trustee appointed by the Association shall succeed to all of the powers and responsibilities vested in the Association as Insurance Trustee under the terms of these Bylaws.

7. ADDITIONAL POLICY REQUIREMENTS. No insurance policy obtained by the Association pursuant to this Article VII shall contain or be subject to the following: (a) terms of the insurance carrier's charter, by-laws or policy that permit contributions or assessments to be made against borrowers, FNMA or FHLMC or the designee of FNMA or FHLMC; or (b) terms of the carrier's charter, bylaws or policy that provide loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or (c) policy provisions that include any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC or the borrowers from collecting insurance proceeds. All insurance policies acquired pursuant to this Article VII must recognize any Substitute Insurance Trustee, if any.

8. FIDELITY INSURANCE. The Association shall provide fidelity insurance covering all Board members, officers, employees of the Association and all other persons handling or responsible for Association. If a management agent has the responsibility for handling or administering funds of the Association, the Association shall cause the management agent to maintain fidelity insurance coverage for its officers, employees and agents handling or responsible for funds, or administered on behalf of, the Association. Such fidelity insurance coverage shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time. Notwithstanding the foregoing, in no event, shall the coverage be less than a sum equal to three months aggregate assessments on all Units plus reserve funds. The fidelity insurance shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on the fidelity insurance purchased by the Association shall be paid by the Association as a Common Expense. The fidelity insurance shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Association or Insurance Trustee (as hereinafter defined). If required by an Eligible Holder, the fidelity policy must also provide that the servicer(s) for FNMA, on behalf of FNMA, will also receive such notice of cancellation or modification.

ARTICLE VIII
RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property, the Executive Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with under N.C.G.S. § 47C-3-113(h) unless (1) the Condominium is terminated; (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (3) the Unit

Owners decide not to rebuild by an 80% vote (including 100% approval of Owners of Units not to be rebuilt or Owners assigned to Limited Common Elements not to be rebuilt and including the required percentage of Eligible Holders as set forth in Section 4.a.1. of Article X). The Property shall be repaired in the following manner:

1. Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Unit Owners holding 80% or more of the total votes in the Association and their mortgagees (and the required percentage of Eligible Holders as set forth in Section 4.b. of Article X), if any, vote to adopt different plans and specifications.

2. The Executive Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred, including soft costs such as professional fees and premiums for bids as the Executive Board deems necessary.

3. If the insurance proceeds paid to the Executive Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Unit Owners whose units are being reconstructed or repaired in proportion to the damage done to their respective Units.

4. The insurance proceeds received by the Executive Board and the mortgagees, and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Executive Board shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds, and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

ARTICLE IX
INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Association as Insurance Trustee. The Association, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following share:

1. Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Units.

2. Insurance proceeds paid on account of loss or damage to fewer than all of the Units, when the damage is to be restored, shall be held for the benefit of Unit Owners of the damaged Units and their respective mortgagees in proportion to the costs of repairing each damaged Unit.

3. Insurance proceeds paid when the entire Property is not to be restored shall be held for the benefit of all Unit Owners, and their respective mortgagees, the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Unit.

4. In the event a certificate of insurance has been issued to a Unit Owner bearing a mortgagee endorsement, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance

proceeds except for insurance proceeds required by the loan documents to be paid jointly to the Unit Owners and their respective mortgagees pursuant to the provisions of this Declaration.

ARTICLE X
MORTGAGEES AND RIGHTS OF ELIGIBLE HOLDERS

1. NOTICE TO BOARD. At any time that a Unit Owner grants a first mortgage upon his Unit, he will provide the Association in writing with the name and contact information of the holder, insurer or guarantor of the first mortgage upon his Unit (each such identified holder, insurer or guarantor being an "**Eligible Holder**"). As used herein, the term "**Eligible Holder**" shall also include any holder, insurer or guarantor of a first mortgage upon a Unit which has given to the Association a written notice stating the name and address of such holder, insurer or guarantor and specifying the Unit on which it holds a first mortgage. Each Unit Owner will promptly notify the Association of any change in the name or contact information of an Eligible Holder which holds a first mortgage on his Unit.

2. AVAILABILITY OF CONDOMINIUM DOCUMENTS. The Association shall make available to Unit Owners, lenders and Eligible Holders, current copies of the Declaration, these Bylaws, the Rules and Regulations and other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers current copies of the Declaration, these Bylaws, the Rules and Regulations and the most recent annual audited financial statements of the Association, if such is prepared. As used herein, "available" means available for inspection upon request, during normal business hours. Upon written request from U.S. Department of Housing and Urban Development (**"HUD"**), Veterans Administration (**"VA"**), the Federal Housing Administration (**"FHA"**), FNMA, FHLMC, or Government National Mortgage Association (**"Ginnie Mae"**), which has an interest or prospective interest in the Condominium, the Association shall prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.

3. NOTICES OF ACTION TO ELIGIBLE HOLDERS. Each Eligible Holder will be entitled, and the Executive Board shall cause to be delivered, timely written notice of the following:

a. Any proposed amendment of the Condominium Documents effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto; (ii) the interests in the Common Elements or Limited Common Elements appertaining to any Unit or the liability for Common Expenses thereto; (iii) the Common Interests allocated to any Unit; or (iv) the purposes to which any Unit or the Common Elements are restricted;

b. Any proposed termination of the Condominium;

c. Any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first mortgage;

d. Any delinquency in the payment of assessments or charges owed by a Unit Owner subject to a First Mortgage, where such delinquency has continued for a period of 60 days; or

e. Any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to Article VII hereof; and

f. Any proposed action by the Association, the Board, or the Owners, which under the terms of any of the Condominium Documents requires the consent of all or any portion of the Eligible Holders.

4. APPROVAL RIGHTS FOR ELIGIBLE HOLDERS. The approval of Eligible Holders shall be required in the instances below and as hereinafter set forth:

a. Termination of Condominium.

(i) Upon Casualty or Condemnation. Any election to terminate the Condominium after substantial destruction or a substantial taking in condemnation of the Property requires the approval of Eligible Holders which hold mortgages on Units to which at least 51% of the votes of Units subject to mortgages are allocated.

(ii) In Absence of Casualty or Condemnation. The approval of Eligible Holders which hold mortgages on Units to which at least 67% of the votes of Units subject to mortgages appertain shall be required to terminate the Condominium.

b. Restoration or Repair. Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders which hold mortgages on Units to which at least 51% of the votes of Units subject to mortgages are allocated.

c. Amendment of Condominium Documents. The approval of the Eligible Holders which hold mortgages on Units to which at least 51% of the votes of Units subject to mortgages appertain, shall be required to materially amend any provisions of the Condominium Documents or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

(i) Voting;
(ii) Assessments, assessment liens or subordination of such liens;
(iii) Reserves for maintenance, repair and replacement of the Common Elements;
(iv) Insurance or fidelity bonds;
(v) Rights to the use of Common Elements;
(vi) Responsibility for maintenance and repair of the Common Elements;
(vii) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
(viii) Boundaries of any Unit;
(ix) The interests in the Common Elements or Limited Common Elements;
(x) Convertibility of Units into Common Elements or of Common Elements into Units;
(xi) Leasing of Units;
(xii) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium;
(xiii) Establishment of self-management by the Association where professional management has been required by HUD, VA, FHA, FNMA, FHLMC, or Ginnie Mae;
(xiv) Any amendment to a provision in the Condominium Documents which is for the express benefit of Eligible Holders; or
(xv) Any amendment to a provision in the Condominium Documents which would be of a material adverse nature to any mortgagee that holds a first mortgage on a Unit.

5. MANNER OF NOTICE TO ELIGIBLE HOLDERS. The Association shall deliver all notices and requests for approval to Eligible Holders by certified or registered United States mail, postage prepaid, return receipt requested. If an Eligible Holder fails to respond to a request for approval within sixty (60) days after its receipt thereof, then the approval of the Eligible Holder shall be deemed granted.

ARTICLE XI
AMENDMENTS

Subject to the rights of Eligible Holders as set forth in Section 4.c. of Article X hereof, these Bylaws may be amended only with the consent of Units Owners to which at least 67% percent of the votes in the Association are allocated. Provided, however, where a greater percentage of the vote of Unit Owners is expressly required in the Declaration, by the Act, the Association's Articles of Incorporation or these Bylaws to take action by the Unit Owners, these Bylaws may not be amended to decrease such greater percentage of votes without the consent of Unit Owners holding that greater percentage of votes.

Notwithstanding the foregoing, so long as the Declarant remains the Owner of one or more Units in this Condominium or during that period which is prior to the expiration of the Special Declarant Rights, these Bylaws shall not be amended so as to adversely affect the Declarant or impair in any way the Special Declarant Rights without the Declarant's written consent and joinder.

Notwithstanding the foregoing, these Bylaws may be amended by the Declarant or Association without the consent of any Owner in order to comply with any provisions of law or to correct manifest errors herein. In addition, for so long as Declarant has the right to appoint the majority of the members of the Executive Board of the Association and to the extent permitted by law, these Bylaws may be amended by the Declarant without the consent of any Owner in order to comply with the rules, regulations and policy statements promulgated and issued by HUD, the VA, FHA, FNMA, FHLMC or Ginnie Mae. Any permitted amendment by Declarant shall be effective upon execution by Declarant and recording of the amendment.

ARTICLE XII
MISCELLANEOUS MATTERS

1. GENDER; NUMBER. The use of the feminine gender in these Bylaws includes the masculine gender, and when the context requires, the use of the singular includes the plural.

2. DEFINITIONS. Capitalized, defined terms used in these Bylaws shall have the meanings ascribed to them in the Declaration unless specifically set forth in these Bylaws.

3. EXECUTION OF DOCUMENTS. The President or Vice President and Secretary or Assistant Secretary are responsible for preparing, executing, filing and recording amendments to the Declaration and Bylaws, and shall be authorized to execute any other document which the Association may from time to time be required to execute. Notwithstanding the foregoing, the President or Vice President, without the joinder of the Secretary or Assistant Secretary, may execute amendments to the Declaration if the same is permitted by the Declaration and by North Carolina law.

4. NOTICES. All notices required by these Bylaws shall be hand delivered, sent by mail to the Association, or sent by electronic mail at the physical or electronic mail address of the President, and to Unit Owners at the physical address of the Unit or at such other physical address or electronic address as may have been designated by such Unit Owner from time to time in writing to the Association. All notices

from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

5. CAPTIONS. The captions contained in these Bylaws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision of the Bylaws.

6. INVALIDITY. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

7. CONFLICT. These Bylaws are set forth to comply with the requirements of the North Carolina Condominium Act, the Articles, and the Declaration, all as the same may be amended. In the event of any conflict between these Bylaws and the provisions of such Act or the Declaration, the provisions of such Act or the Declaration, as the case may be, shall control.

8. WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.

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APPENDIX I
TO BYLAWS
OF
RIVER PLACE CONDOMINIUM

RULES AND REGULATIONS

1. No Unit Owner shall:

(a) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Property; or

(b) Clean dust mops, rugs or similar objects or throw any other substance from the windows or balconies by beating on the exterior part of the Property.

(c) Throw trash or recycling outside the areas specifically provided for such purposes;

(d) Without permission of the Executive Board, park or store bicycles, scooters or other sports equipment in Common Areas or operate and park any automobiles, recreational vehicles, motor homes, motorcycles, trucks, trailers, commercial vans or boats so as to block access to the building or to limit unreasonably the public parking available to the other Unit Owners;

(e) Install wiring for electrical or telephone installations, television or radio antenna, air conditioning fixtures, or similar objects outside of his/her or its Unit or which protrudes through the walls or the roof of the Unit except as authorized by the Declaration or the Executive Board;

(f) No Owner shall in any way puncture, tear, cut or otherwise damage the gypsum board which is hung on the perimeter walls and ceilings of the Units; provided, however, the foregoing restrictions shall not be construed to prohibit the normal hanging of pictures or shelves on walls.

2. It shall be the responsibility of each Unit Owner to prevent any unclean, unsightly or unkempt condition in or around his/her or its Unit or elsewhere on the condominium grounds, which shall tend to substantially decrease the beauty of the condominium, the neighborhood as a whole or the specific area.

3. No structure of a temporary character shall be placed upon the Property at any time.

4. No Unit owner shall act so as to interfere unreasonably with the peace and enjoyment of the Unit Owners. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property by the other Owners. Quiet hours are between the hours of 11:00pm and 8:00am. Residents and their guests must refrain from making loud noises that can disturb others during the quiet hours. Any Construction or remodeling work in a unit mustbe completed Monday through Friday between the hours of 8am and 6:00pm to limit excessive noise to neighbors during the evening hours.

5. No pets are allowed in the Units used for commercial purposes, provided, however that seeing-eye dogs are permitted for use by the Unit Owner, its tenants and its invitees. A maximum of two (2) domestic pets per Unit is allowed for the Units used for residential purposes. The aggregate weight of the pets shall not exceed one hundred (100) pounds. Non-domestic pets shall not be allowed in any Unit. Pets shall not be kept or maintained for commercial purposes or for breeding. Any pet causing or creating

a nuisance or unreasonable disturbance (including repeated barking, making other noises, biting, scratching, soiling, or damaging of property or noise) shall be permanently removed from the Property upon 10 days written notice from the Association. All pets shall be kept on a leash except when in a Unit, and the Unit Owner shall be responsible for removing all pet waste left on the Property by any pets residing with such Unit Owner. All pets shall be registered or inoculated as required by law. Each Owner shall hold the Association harmless from any claim resulting from any action of a pet owned by such Owner or their Tenants.

7. No fish tanks or waterbeds are allowed.

8. There shall be no smoking in the Building (including, without limitation, cigarettes, cigars, pipes, and all other smoking devices intended for the smoking of tobacco or any other substance) except smoking of tobacco is permitted in Units used for residential purposes. Restaurants shall comply with the requirements of N.C.G.S. §130A-497.

9. Any window covering (blinds, shutters, drapes, curtains, etc.) used or maintained by Unit Owners in Units shall be neutral in color when viewed from the exterior of the Building.

10. To ensure that each unit owner within the Riverplace Condominium is adequately protected against personal liability, property loss, and other risks that may not be covered by the Condominium Associations master insurance policy, each unit owner shall maintain an HO-6 insurance policy, also known as a Condominium Unit Owners Policy, at all times. The HO-6 policy shall provide coverage for:

- Interior property: to include betterments and improvements within the unit.
- Personal property: covering personal belongings within the unit
- Loss of use: to cover additional living expenses if the unit becomes uninhabitable due to a covered loss
- Liability coverage- Protecting the unit owner against legal liability for injuries or damages to other persons or property occurring within their unit or caused by the unit owners.
- Loss assessment: covering the unit owner's share of any special assessment levied by the Condominium Association due to a covered loss

Owners must turn a certificate of insurance into onsite management at each renewal