

BYLAWS

of

RIVER PLACE CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. CONDOMINIUM. The Property (the term “**Property**” as used herein means and includes the land, the building, all improvements and structures thereon) located in City of Wilmington and New Hanover County, North Carolina, known as the RIVER PLACE CONDOMINIUM as has been, or will be, by Declaration, submitted to the provisions of the North Carolina Condominium Act (the “**Act**”), which Property is known as RIVER PLACE CONDOMINIUM (the “**Condominium**”).

2. ASSOCIATION. In conjunction with the creation of the Condominium, there also has been incorporated under the laws of the State of North Carolina an association known as River Place Condominium Association (the “**Association**”) which shall, pursuant to the provision of the Declaration, constitute the incorporated condominium owners’ association.

3. PERSONAL APPLICATION. All Owners, Co-owners, and their respective household members, tenants, and invitees and the employees and invitees of such tenants, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration as they may be amended from time to time. The mere acquisition or use of any of the Units or any facilities on the Property is an act deemed to serve as acceptance and ratification of, and an agreement to comply with, the Articles, these Bylaws, and the Declaration, all as may be amended.

4. DEFINITIONS. Capitalized terms used in these Bylaws shall have the same meanings given them in the Declaration of River Place Condominium unless otherwise expressly set forth herein.

ARTICLE II

VOTING; QUORUM; PROXIES

1. ELIGIBILITY. Any person who acquires title to a Unit in the Condominium shall be a member of the Association. There shall be one membership for each Unit owned. Transfer of Unit ownership, either voluntarily or by operation of law, shall terminate membership in the Association, and membership will become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons owning such Unit shall agree upon the designation of one of the Co-owners of such Unit to act as a member of the Association. If Unit ownership is vested in a corporation, limited liability company, partnership, trust, unincorporated association or other entity, said corporation, limited liability company, partnership, trust, unincorporated entity or other entity must designate an individual officer, manager, partner or employee to act as a member of the Association on behalf of such entity. Such designation shall be made in a certificate, signed by an officer, manager, partner or other authorized representative of such entity and delivered to the Secretary of the Association. Any such certificate shall be valid until revoked, superseded by a subsequent certificate or until there has been a change in ownership of the Unit. If no such certificate is delivered to the Secretary, the Association may recognize and rely upon the authority of any individual who states that he or she represents such entity with respect to matters involving the entity’s membership in the Association, including the right to vote, unless the lack of authority is clearly evident.

2. VOTING. Subject to the power of the Association to suspend the voting rights of Owners, each Unit shall be entitled to one (1) vote in the Association. Votes may be cast in person or by proxy or, when authorized by the Executive Board, by ballot.

3. MAJORITY VOTE. The casting of a majority of the votes at a meeting at which a quorum is present (whether in person, by ballot or when authorized, by proxy) shall be binding for all purposes unless a different percentage vote is required by the Declaration or otherwise in these Bylaws.

4. QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy or by ballot (when authorized as provided in Section 6 of this Article II) of 20% of the votes in the Association shall constitute a quorum. This quorum requirement shall not decrease for any reason.

5. PROXIES. Proxies must be filed with the Secretary before the appointed time of each meeting. A proxy must be dated or it is void. A proxy shall be terminated one year after its date unless the proxy specifies a shorter term.

6. BALLOTS. Voting by ballot without a meeting is permissible when authorized by the Executive Board. When the Executive Board has authorized voting by ballot, the Association shall send to every member entitled to vote a ballot which describes each proposed action and gives the opportunity to vote for or against each proposed action. All ballots must also contain the time by which a ballot must be received by the Association in order to be counted. Members may submit the ballots to the Association by electronic transmission, including electronic mail, provided that such electronic transmission includes information from which it can be determined that the electronic transmission was authorized by the member or the member's proxy. Approval by written ballot pursuant to this Section 6 shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the 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 same number of votes were cast. Each ballot which is presented at a meeting shall be counted in calculating the quorum requirements set out in Section 4 of this Article II; provided, however, that ballots shall not be counted in determining whether a quorum is present to vote upon matters that did not appear on the ballot.

ARTICLE III MEMBERS; MEETINGS

1. ASSOCIATION RESPONSIBILITIES. The Unit Owners will constitute the members of the Association who will have, among other duties, the responsibility of electing the Executive Board. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority vote as provided in Section 3 of Article II.

2. PLACE OF MEETINGS. Meetings of the Association shall be at such place, convenient to the Unit Owners, as may be designated by the Executive Board.

3. ANNUAL MEETINGS. There shall be one regular annual meeting of the Association. The annual meeting of the Association shall be held at the call of the President during the month of January or at such other time as Unit Owners representing 20% of the votes of the Association may agree upon. At such meeting, there shall be elected an Executive Board in accordance with the requirements of Section 3 of Article IV of these Bylaws. All meetings of the Association (annual and special meetings) shall be conducted in accordance with the most recent edition of *Robert's Rules of Order Newly Revised*.

4. SPECIAL MEETINGS. The Secretary shall call a special meeting of the Unit Owners as directed by the President, or by resolution of the majority of the Executive Board, or by a petition that has

been signed by Unit Owners representing 20% of the total votes in the Association and presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer. No business shall be transacted at a special meeting except as stated in the notice.

5. NOTICE OF MEETINGS. The Secretary shall provide notice of each annual or special meeting to each Unit Owner of record, stating (i) the time and place where the meeting is to be held, (ii) the items on the agenda, (iii) the general nature of any proposed amendment to the Declaration or these Bylaws, (iv) any budget changes, and (v) any proposal to remove a director or officer. Notice shall be made by hand delivery or sent prepaid by United States mail to the mailing address of each Unit or by electronic mail to an electronic mail address provided to the Association in writing by the Unit Owner. Notice shall be delivered at least 10 days, but not more than 50 days, prior to such meeting.

6. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than 24 hours but not more than thirty (30) calendar days from the time the original meeting was called. The quorum requirement at any rescheduled meeting shall not decrease.

7. ORDER OF BUSINESS. The order of business at all annual meetings of the Association shall be as follows:

- a. Call to Order;
- b. Proof of Notice of Meeting or Waiver of Notice;
- c. Reading of Minutes of Preceding Meeting;
- d. Reports of Officers;
- e. Reports of Committees;
- f. Election of Executive Board Members;
- g. Budget Review;
- h. Unfinished Business; and
- i. New Business.

The order of business at a special meeting of the Association shall routinely include items (a) through (d) above, and thereafter, the agenda shall consist of those items (e) through (i) specified in the notice of meeting, if any.

ARTICLE IV **EXECUTIVE BOARD**

1. NUMBER AND QUALIFICATIONS. The affairs of the Association shall be governed by an Executive Board comprised of five (5) persons. During the Period of Declarant Control, the Declarant shall be entitled to appoint and remove officers and Executive Board members as set forth in Section 2.7 of the Declaration. After the termination of the Period of Declarant Control, the Unit Owners shall determine elect the members of the Executive Board according to these Bylaws; provided, however, that a majority of the Executive Board shall be Unit Owners.

2. GENERAL POWERS AND DUTIES. The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association, including all the powers set forth under N.C.G.S. § 47C-3-102 and the other powers granted to it by the Act and the Declaration, and, subject to applicable law, the Act, these Bylaws and the Declaration, may do all such acts and things not directed to be executed and done by the Unit Owners, the Declarant or another person. Without limiting the generality of the foregoing, the Executive Board shall have the following powers and shall cause the Association to perform the following duties:

- a. adopt and amend bylaws and Rules and Regulations for the Association;
- b. adopt and amend budgets for revenues, expenditures and reserves, and collect assessments from Unit Owners for Common Expenses, including without limitation, the collection, at the time of the initial sale of each Unit, one quarter (1/4) of the annual estimated assessment for the purpose of establish a working capital fund for the Association;
- c. hire and terminate managing agents and other employees, agents, and independent contractors for the maintenance, operation, repair and replacement of the Common Elements;
- d. institute, defend, or intervene in its name in litigations or administrative proceedings on matters affecting the Condominium, the Common Elements or the Association;
- e. make contracts and incur liabilities for the making of repairs, additions and improvements to or alterations of the Common Elements;
- f. establish and maintain an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the Common Elements (which, fund shall be funded by contributions which are not less than the greater of 10% of the total Association budget for any year, including the reserve, or the minimum percentage at any time required by the Federal National Mortgage Association ("FNMA") and the interest on which shall remain a part of said reserve fund and shall not be used for general operating expenses);
- g. regulate the use, maintenance, repair, replacement, and modification of the Common Elements, including, without, limitation, performing or causing to be performed repairs caused by any natural disaster or man-made damage from funds held in the reserve account and any special assessment;
- h. cause additional improvements to be made as a part of the Common Elements;
- i. acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property; provided that Common Elements may be conveyed or subjected to a security interest only pursuant to N.C.G.S. § 47C-3-112;
- j. grant easements, leases, licenses, and concessions through or over the Common Elements;
- k. impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements (other than the Limited Common Elements described in subsections N.C.G.S. § 47C-2-102(2) and (4)) and for services provided to Unit Owners;
- l. charge interest on unpaid assessments and impose charges for late payment of assessments, not to exceed the maximum amount allowable by law (N.C.G.S. § 47C-3-102(a)(11)) and,

after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Units) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of 30 days or longer, and levy reasonable fines not to exceed the maximum amount allowed by law (N.C.G.S. § 47C-3-107.1) for violations of the Condominium Documents;

m. impose reasonable charges for the preparation of statements of unpaid assessments and charges;

n. provide for the indemnification of and maintain liability insurance for its officers, the directors on the Executive Board, employees and agents;

o. assign its right to future income, including the right to receive assessments for the Common Elements, if applicable;

p. obtain insurance for the Condominium, the Common Elements and the Association, pursuant to the provisions hereof and the provisions of the Condominium Documents;

q. make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, current copies of the Condominium Documents and financial statements of the Association;

r. establish such advisory committees as the Executive Board may deem appropriate to assist in carrying out the duties above described;

s. improve the Common Elements, both real and personal, and to purchase real estate and personal property, including items of furniture, furnishings, fixtures and equipment for the foregoing;

t. pay taxes or assessments, if any, against all or any portion of the Common Elements as required;

u. publish the names and addresses of all Executive Board members and officers within 30 days of their election;

v. subject to the limitations in these Bylaws, act on behalf of the Unit Owners with respect to all matters arising out of any condemnation or eminent domain proceeding affecting the Common Elements;

w. enforce by legal means the provisions of the Condominium Documents, including, but not limited to, the Declaration, these Bylaws and the Rules and Regulations of the Association;

x. exercise all other powers that may be exercised in the State of North Carolina by legal entities of the same types as the Association; and

y. exercise any other powers necessary and proper for the governance and operation of the Association or to perform the other functions required by the Act and the Condominium Documents.

The Executive Board may not act on behalf of the Association to amend the Declaration, terminate the Condominium, or to elect members of the Executive Board (except as permitted by Section 4 of this Article IV) or determine the qualifications, powers and duties or terms of office of Executive Board members.

3. ELECTION OF EXECUTIVE BOARD MEMBERS.

a. Initial Board Appointed by Declarant. The members of the initial Executive Board shall be appointed by the Declarant. These appointments will be temporary and will continue only in accordance with the requirements of the Act relating to the Period of Declarant Control, which terminates no later than the earlier of: (i) 120 days after conveyance of 75% of the Units (including Units which may be created pursuant to Special Declarant Rights); (ii) two years after Declarant has ceased to offer Units for the sale in the ordinary course of business; or (iii) two years after any development right to add new Units, if any, was last exercised. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the Period of Declarant Control, but in that event, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Executive Board, as described in recorded instruments executed by the Declarant, be approved by the Declarant before they become effective.

b. Transition Board. Within 60 days after the conveyance of 25% of the Units to other than Declarant, the Unit Owners shall hold a special meeting to elect two members of the Executive Board. Not later than 60 days after conveyance of 50% of the Units to Unit Owners other than Declarant, the Unit Owners shall hold a special meeting to elect one additional member of the Executive Board.

c. Full Board Elected by Unit Owners. Not later than the termination of the Period of Declarant Control, the Unit Owners shall hold a special meeting to elect five members to the first Executive Board fully elected by the Unit Owners as follows:

- (i) one member shall be elected having a one year term;
- (ii) two members shall be elected having a two year term; and
- (iii) two members shall be elected having a three year term.

The Executive Board members elected according to this procedure shall serve until the regular annual meeting in the year in which their terms expire. At each regular annual meeting after the special meeting when the full Executive Board is elected by the Unit Owners, the Unit Owners shall hold elections for any Executive Board seat opening as a result of the expiration of an Executive Board member's term, and all terms shall be three years. This method is intended to provide staggered elections for members of the Executive Board. The majority of the Executive Board members elected by the Unit Owners must be Unit Owners.

d. Publication of Board Members' Names. The Association shall publish the names and addresses of all Executive Board members within 30 days of their election.

4. VACANCIES. Vacancies in the Executive Board caused by reason other than the removal of a member of the Executive Board by a vote of the Association shall be filled by vote of the majority of the remaining members of the Executive Board (or, during the Period of Declarant Control, by appointment of Declarant) even though they may constitute less than a quorum; and, each person so elected shall be a member of the Executive Board until a successor is elected and qualified at the next meeting of the Association.

5. REMOVAL OF MEMBERS OF THE EXECUTIVE BOARD. Once the Period of Declarant Control has terminated, at any annual or special meeting of the Association duly called and which a quorum is present, the Unit Owners may remove one or more of the members of the Executive Board with or without cause by a vote of at least 67% of all Unit Owners present and entitled to vote at a meeting

of Unit Owners at which a quorum is present. A successor may then and thereby be elected at such meeting by a majority vote to fill the vacancy. Any member of the Executive Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member who was a Unit Owner or representative of a Unit Owner at the beginning of his or her tenure shall continue to serve on the Executive Board if during the term of office, he or she or his or her principal or employer shall cease to be a Unit Owner (except as provided above regarding Declarant's appointees).

6. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board shall be held within 10 days of election at a place named by the Executive Board, and no notice shall be necessary to the newly elected Executive Board members in order to constitute such a meeting, provided that a majority of the Executive Board shall be present.

7. REGULAR MEETINGS. Regular meetings of the Executive Board may be held at such time and place as shall be determined, from time to time, by a majority of the Executive Board, but at least one such meeting shall be held each fiscal year. Notice of regular meetings of the Executive Board shall be given by the Secretary or other person designated by the Executive Board, to each Executive Board member, personally or by mail, telephone, or electronic mail, at least 10 days prior to the day named for such meeting. At regular intervals the Executive Board shall provide the opportunity to the Unit Owners to attend a portion of the meeting of the Executive Board for the purpose of voicing their issues and concerns to the Executive Board. The Executive Board may place reasonable restrictions on the number of Unit Owners who speak on each side of any issue and on the time that Unit Owners may speak. All meetings of the Executive Board (regular and special) shall be conducted in accordance with the most recent edition of *Robert's Rules of Order Newly Revised*.

8. SPECIAL MEETINGS. Special meetings of the Executive Board may be called by the President on 3 days' notice to each Executive Board Member, given personally or by mail, telephone, or electronic mail, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in the same manner upon the written request of at least two Board members.

9. WAIVER OF NOTICE. Before or at any meeting of the Executive Board, any member of the Executive Board may, in writing, waive notice of such meeting. Attendance by a Executive Board member at any meeting of the Executive Board shall be a waiver of notice by him or her of the time, place and purpose thereof unless the member at the beginning of the meeting (or promptly upon his or her arrival) 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.

10. BOARD QUORUM; ACTION. At all meetings of the Executive Board, a majority of the Executive Board members then in office immediately before a meeting begins shall constitute a quorum for the transaction of business, and acts of the majority of the Executive Board members present at a meeting at which a quorum is present shall be the acts of the Executive Board. If, at any meeting of the Executive Board, there is less than a quorum present, the majority of the Executive Board members present may adjourn the meeting. Any business which might have been transacted at the meeting as originally called may be transacted without further notice at any reactivated meeting provided such meeting has a quorum,

11. 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 in accordance with Section 8 of Article VII of these Bylaws.

12. COMPENSATION. No member of the Executive Board shall receive any compensation from the Association for acting as a Board member.

13. LIABILITY OF THE EXECUTIVE BOARD. It is intended that the members of the Executive Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the Executive Board, which may consist of members who are members of or employed by Declarant, to contract with Declarant and affiliated entities without fear of being charged with self-dealing.

14. INDEMNIFICATION. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Executive Board member is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his or her activities as an Executive Board member. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by the North Carolina Nonprofit Corporation Act.

ARTICLE V **OFFICERS**

1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer all of whom shall be elected by the Executive Board. The Executive Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary. Officers appointed by the Declarant need not be members the Executive Board or the Association but officers elected by the Executive Board members after the Period of Declarant Control must be members of the Association and Executive Board members.

2. ELECTION OF OFFICERS. Until the Period of Declarant Control has ended, Declarant may appoint officers. Thereafter, the officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board, and the officers shall hold office at the pleasure of the Executive Board.

3. REMOVAL OF OFFICERS. Until the Period of Declarant Control has ended, Declarant may remove officers. Thereafter, upon an affirmative vote of a majority of the members of the Executive Board, any officer may be removed either with or without cause, and his or her successor elected at any regular meeting of the Executive Board, or at any special meeting of the Executive Board called for such purpose.

4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Executive Board. He shall have all of the general powers and duties which are usually vested in the office of president of a condominium or incorporated Association, including but not limited to, the power to appoint committees from among the Unit Owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the Association.

5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Executive Board shall appoint some other member of the Executive Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Executive Board.

6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Executive Board and the minutes of all meetings of the Association, and the Secretary shall have charge of all books, records and papers of the Association.

7. TREASURER. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Executive Board. He shall, in general, perform all the duties customary and incident to the office of the Treasurer.

8. OFFICER DIRECTORY. The Association shall publish the names and addresses of all officers of the Association within 30 days of their election.

ARTICLE VI **OBLIGATIONS OF THE UNIT OWNERS**

1. PERIODIC ASSESSMENTS FOR COMMON EXPENSES. The Association shall have the power to levy, and all Unit Owners shall be obligated to pay, periodic assessments imposed by the Association to meet all Association Common Expenses. Payment of the periodic assessments shall be in equal monthly installments on or before the first day of each month, or in such other reasonable manner as the Executive Board shall designate so long as periodic assessments are levied and paid at least annually.

In addition to the periodic payments for assessments as described above, at the time of the closing of the initial sale of each Unit by Declarant the buyer shall pay a working capital assessment for the purpose of establishing an operating reserve for the Association. The amount of this working capital assessment shall be equal to three (3) months' Common Expense assessment. Upon the acquisition of a Unit, the buyer of the Unit shall pay one full month of Association dues and the prorated dues for the month in which closing occurs.

2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE. The omission by the Executive Board before the expiration of any year, to fix the assessments for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Declaration and Bylaws or a release of any Unit Owner from the obligation to pay the assessments, or an installment thereof, for that or any subsequent year, and the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Unit Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or its Unit.

3. SPECIAL ASSESSMENTS. All Unit Owners shall be obligated to pay special assessments imposed by the Association to meet the costs of, among other things, capital improvements, repair or replacement of the Common Elements, allocations to reserves and other extraordinary expenses. Such special assessments must be approved by the Executive Board but shall not be payable if 75% of the total votes of the Association vote against such assessment at a duly convened special meeting held within 45 days of delivery of notice of the special assessment to Unit Owners. If a vote against the proposed special assessment is not sustained, the special assessment shall be due and payable 10 days after expiration of the 45 day period in which the Unit Owners may consider action to veto a special assessment.

4. RECORDS. The Association shall keep detailed records of all receipts and expenditures and of all assets and liabilities. The Association shall provide to all Unit Owners at no additional charge within 75 days of the close of the fiscal year of the Association an annual income and expense statement and balance sheet. A compilation, review or audit may be required by a vote of the majority of the Executive Board or by the affirmative vote of a majority of the Unit Owners voting at an Association meeting at which there is a quorum. The Association shall make all its financial records and all other Association records,

including records of Association meetings or Executive Board meetings available for examination by any Unit Owner (or such Owner's authorized agent) during reasonable business hours.

5. DEFAULT IN PAYMENT OF ASSESSMENTS.

a. Recovery of Past Due Assessments and Late Charges. The Executive Board shall take prompt action to collect any periodic and special assessments, or portions thereof, due from any Unit Owner which remains unpaid for more than 30 days from the due date for payment thereof. In the event of default by any Unit Owner in paying any assessments as determined by the Executive Board, such Unit Owner shall be obligated to pay a late charge of the greater of \$20.00 or 10% of the amount of the unpaid installment. The Executive Board shall have the right and duty to attempt to recover such assessments, together with interest thereon, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by N.C.G.S. § 47C-3-116.

b. Collection of Attorneys' Fees. Subject to the limitation on the amount of attorneys' fees that may be collected as set forth in N.C.G.S. § 47C-3-116(f)(12), the Association shall be entitled to recover the reasonable attorneys' fees and costs it incurs in connection with the collection of any assessments, late charges or other sums due by a Unit Owner to the Association, provided that a Unit Owner may not be required to pay attorneys' fees and court costs until the Unit Owner is notified in writing of the Association's intent to seek payment of attorneys' fees, costs and expenses as provided herein. The notice must be sent by first-class mail to the physical address of the Unit and the Unit Owner's address of record with the Association and, if different, to the address for the Unit Owner shown on the county tax records for the Unit. The Association shall make reasonable and diligent efforts to ensure that its records contain the Owner's current mailing address. If the Owner is a corporation or limited liability company, the statement shall also be sent by first-class mail to the mailing address of the registered agent for the corporation or limited liability company. There shall be no requirement that notice be mailed to an address which is known to be a vacant Unit or a Unit for which there is no United States postal address. The notice shall set out the outstanding balance due as of the date of the notice and state that the Owner has 15 days from the mailing of the notice by first-class mail to pay the outstanding balance without the attorneys' fees and court costs. If the Owner pays the outstanding balance within the 15-day period, then the Owner shall have no obligation to pay attorneys' fees, costs or expenses. The notice shall also inform the Owner of the opportunity to contact a representative of the Association to discuss a payment schedule for the outstanding balance as provided in Section 5.c. of this Article VI.

c. Installment Plans. The Association, acting through the Executive Board and in the Executive Board's sole discretion, may agree to allow payment of an outstanding balance in installments. Neither the Association nor the Unit Owner is obligated to offer or accept any proposed installment schedule. Reasonable administrative fees and costs for accepting and processing installments may be added to the outstanding balance and included in an installment payment schedule. Reasonable attorneys' fees may be added to the outstanding balance and included in an installment schedule after the Unit Owner has been given notice as required in Section 5.b. of this Article VI. Attorneys' fees incurred in connection with any request that the Association agree to accept payment of all or any part of sums due in installments shall not be included or considered in the calculation of fees chargeable under N.C.G.S. §47C-3-116(f)(12).

d. Claim of Lien. The Association may file a claim of lien against an Owner's Unit in accordance with N.C.G.S. § 47C-3-116 for any assessment attributable to the Unit which remains unpaid for 30 days or more, provided that at least 15 days prior to filing the lien, the Association has mailed to the Owner a statement of the assessment amount due in the manner as provided N.C.G.S. §47C-3-116(b). With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of N.C.G.S. § 47C-3-116(d), as at any time amended shall be controlling.