

EXHIBIT B

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BY-LAWS OF QUAIL RUN CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS
OF
QUAIL RUN CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

PLAN OF UNIT OWNERSHIP

SECTION 1. UNIT OWNERSHIP. The property located in Catawba County, State of North Carolina, and more particularly described in the Declaration to which the By-laws are attached, has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes (the "Unit Ownership Act") by the Declaration recorded in the Office of the Register of Deeds for Catawba County, North Carolina, simultaneously herewith, and shall hereinafter be known as QUAIL RUN CONDOMINIUM (the "Condominium").

SECTION 2. APPLICABILITY OF BYLAWS. The provisions of these Bylaws are applicable to the property of the Condominium and to the use and occupancy thereof.

SECTION 3. APPLICATION. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the property in any manner are subject to the Declaration, these Bylaws and rules and regulations made pursuant hereto, and any amendment to these Bylaws or the Declaration upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws (and any rules and regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II

UNIT OWNERS

SECTION 1. NAME AND NATURE OF ASSOCIATION. QUAIL RUN CONDOMINIUM HOMEOWNERS ASSOCIATION, INC. shall be a nonprofit corporation, organized under the laws of the State of North Carolina, and the membership shall be comprised of all of the Unit Owners as herein provided, which such Homeowners Association shall be governed by the Board of Directors as herein provided.

SECTION 2. PLACE OF MEETINGS. All meetings of the Homeowners Association (the "Association") of the Condominium shall be held at the Property, or at such other place, either within or without the State of North Carolina, as shall be designated in a notice of the meeting.

SECTION 3. ANNUAL MEETING. At the election of Declarant but in no event later than ninety (90) days after seventy-five (75) Units have been sold and deeded by Declarant, Declarant shall notify all Unit Owners that the first annual meeting of the Unit Owners shall be held within ninety (90) days of the date of such notice. At such meeting, one member of the Board of Directors selected by the Declarant shall resign, and all of the Unit Owners, including Declarant shall elect a successor Director. Said initial meeting shall be held for the purpose of electing said one successor director and for the transaction of such other business as may be properly brought before the meeting. Thereafter, an annual meeting of the Unit Owners shall be held at 7:00 o'clock p.m. on the first Monday in April of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next business day following the legal holiday, for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting.

SECTION 4. SUBSTITUTE ANNUAL MEETINGS. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

SECTION 5. SPECIAL MEETINGS. Special meetings of the Unit Owners may be called at any time by the Board of Directors upon the written consent of the Unit Owners owning at least thirty percent (30%) in interest of the Common Areas and Facilities.

SECTION 6. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of any meeting shall be delivered or mailed not less than seven (7) days nor more than fifty (50) days prior to the date thereof, either personally or by mail, at the direction of the Board of Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting, and, upon request to all Mortgagees who may designate a representative to attend the meeting of Unit Owners.

In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted thereat, unless it is a matter other than the election of directors on which the vote of Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose(s) for which the meeting is called.

When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting, other than by announcement at the meeting at which the adjournment is effective.

SECTION 7. QUORUM. The presence in person or by proxy at any meeting of the Voting Members (as defined in Section 8 of this Article) having a majority of the total votes shall constitute a quorum. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the Voting Members present, either in person or by proxy; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

The Voting Members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

SECTION 8. VOTING RIGHTS. There shall be one person with respect to each Unit Ownership who shall be entitled to vote at any meeting of the Unit Owners (the "Voting Member"). The Voting Member may be the owner, or one of a group composed of all of the Owners of a Unit, or may be some other person designated by such Owner(s) to act as proxy on his or their behalf, and who need not be an owner. The total number of votes of all Voting Members shall be 100,000 and each Owner or group of Owners (including the Board of Directors, if the Board of Directors or its designee shall then hold title to one or more units) shall be entitled to the number of votes proportionate to the total of the Percentage of Interest in the Common Areas and Facilities applicable to his or their Unit(s) as set forth in Exhibit E of the Declaration.

SECTION 9. MAJORITY VOTE. The vote of a majority in Common Interest of the Voting Members present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required by the Condominium Documents or by the provisions of law.

SECTION 10. PROXIES. The Voting Members may vote either in person or by agents duly authorized by written proxy executed by such Unit Owner or by his duly authorized attorney-in-fact. A proxy shall be valid only for the particular meeting designated therein, unless the person executing it specifies therein the length of time for which it is to continue in force, which time shall not extend beyond eleven months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the secretary or duly acting secretary of the Association, either during or prior to the meeting in question.

SECTION 11. CUMULATIVE VOTING. In all elections for members of the Board of Directors, each Voting Member shall have the right to vote the number of votes to which he is entitled for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his vote by giving one candidate as many votes as the number of such directors multiplied by the number of votes to which he is normally entitled shall equal, or by distributing such votes on the same principle among any number of said candidates. This right of cumulative voting shall not be exercised unless some Voting Member or proxyholder announces in open meeting, before the voting for directors starts, his intention so to vote cumulatively; and if such announcement is made, the chair shall declare that all Voting Members have the right to vote cumulatively and shall thereupon grant a recess of not less than one nor more than four hours, as he shall determine, or of such other period of time as is unanimously then agreed upon.

SECTION 12. WAIVER OF NOTICE. Any Voting Member may, at any time, waive notice of any meeting of the Association in writing, and such waiver shall be deemed to be equivalent to the giving of such notice. Attendance by a Voting Member at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof, except where a Voting Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the Voting Members are present at any meeting of the Unit Owners, no notice shall be required, and any business may be transacted at said meeting.

SECTION 13. INFORMAL ACTION BY UNIT OWNERS. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Voting Members and filed with the secretary of the Association to be kept in the Association's minute book.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. NUMBER. The business and property of the Condominium shall be managed and directed by the Board of Directors, composed of three (3) persons, or by such executive committees as the Board may establish pursuant to the Bylaws; provided, however, that the initial Board of Directors shall be composed of three persons.

SECTION 2. INITIAL DIRECTORS. The initial directors shall be selected by the Declarant, and need not be Unit Owners. Such initial directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Catawba County Public Registry or until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board of Directors from the date upon which the Declaration is recorded in the Catawba County Public Registry until the first annual meeting of the members, or until such time as their successors are duly elected and qualified, are as follows:

Theodore M. Hoeller
Daniel Spears
Shirley DeRoo

SECTION 3. ELECTION, TERM AND QUALIFICATION. Except as provided in Sections 2 and 5 of this Article, the directors shall be elected at the annual meeting of the Association, and those persons who receive the highest number of votes shall be deemed to have been elected; provided, however, that so long as Declarant shall own one or more Unit, Declarant shall have the right to elect two members of the Board of Directors. The size of the Board of Directors may be increased or decreased from time to time upon the affirmative vote of three-fourths (3/4) in Common Interest of all Unit Owners, provided that said Board shall not be less than three (3) in number. Any change in the size of the Board shall require the consent of the Declarant until one hundred units have been sold. Each director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the first annual meeting of the Association, the members of the Board of Directors shall be divided into three (3) classes, the first class to consist of one (1) member, the second class to consist of one (1) member, and the third class to consist of one (1) member. The members of the first class shall initially hold office for a term of three (3) years; the members of the second class shall initially hold office for a term of two years; and the member of the third class shall initially hold office for a term of one year. At all annual elections thereafter, a number of directors shall be elected by the Voting Members to succeed those directors whose terms then expire. Each such director shall serve for a three-year term. So long as Declarant shall own one or more Units, the members of the board which Declarant has the right to designate shall be the members which constitute the second and third class. Nothing herein contained shall be construed to prevent the election of a director to succeed himself. Each member of the Board (after the election and qualification of the successors to the initial Board of Directors designated hereinabove) shall be one of the Owners or co-owners, or a spouse of an Owner or co-owner, provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then an officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

SECTION 4. REMOVAL. Directors may be removed from office with or without cause by the affirmative vote of a majority of

the Voting Members. However, unless the entire Board is removed, an individual director may not be removed if the number of the Voting Members voting against the removal would be sufficient to elect a director if the Voting Members voted cumulative at an annual election. If any directors are so removed, new directors may be elected at the same meeting; provided, however, that so long as the Declarant owns one or more units, the director elected by the Declarant cannot be removed without the prior written consent of Declarant.

SECTION 5. VACANCIES. A vacancy occurring in the Board of Directors, including directorships not filled by the Unit Owners, may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. The Voting Members may elect a director at any time to fill any vacancy not filled by the directors.

SECTION 6. COMPENSATION. The Board of Directors shall receive no compensation for their services unless expressly allowed by the Board at the direction of the Unit Owners having two-thirds (2/3) of the total votes, provided however that no compensation shall be paid to Declarant or any director appointed by Declarant.

SECTION 7. EXECUTIVE COMMITTEES. The Board of Directors may, by resolution adopted by a majority of the number of directors fixed by these Bylaws, designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Condominium.

The Board of Directors may, in like manner, create such other committees as it deems necessary and appropriate in aiding the Board to carry out its duties and responsibilities with respect to the management of the Condominium.

SECTION 8. POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium, and may do all such acts and things, except such acts as by law or the Declaration or by these Unit Bylaws may not be delegated to the Board. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Determining the Common Expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.
- (b) Collecting the Common Expenses from the Unit Owners.

- (c) Supervising the operation, care, upkeep and maintenance of the Common Areas and Facilities.
- (d) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Areas and Facilities.
- (e) Adopting and amending such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and occupants, and the entire Property shall at all times be maintained subject to such rules and regulations.
- (f) Opening bank accounts on behalf of the Condominium and designating the signatories required therefor.
- (g) Purchasing or leasing or otherwise acquiring, in the name of the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their Owners to the Board; provided, however, that such action has been duly authorized by the affirmative vote of Unit Owners owning seventy-five (75%) per cent in Common Interest of the Condominium.
- (h) Purchasing Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners; provided, however, that such action has been duly authorized by the affirmative vote of Unit Owners owning seventy-five (75%) per cent in Common Interest of the Condominium.
- (i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners.
- (j) Maintaining and repairing any Unit, if such maintenance or repair is necessary in the discretion of the Board or by operation of applicable restrictions to protect the Common Areas and Facilities, or any other portion of the

Project, and an Owner of any Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner; provided, that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair, including a reasonable amount of supervision.

- (k) Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided that, except in the event of emergencies, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Board, with such expenses being treated as a Common Expense.
- (l) Signing all agreements, contracts, deeds and vouchers for the payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such document shall be signed by the treasurer and countersigned by the chairman of the Board.
- (m) Obtaining insurance for the property, including the Units, pursuant to the applicable provisions of the Declaration.
- (n) Making or contracting for repairs, additions and improvements to or alterations or restorations of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceeding.
- (o) Contracting for all goods, services and insurance, payment for which is to be made from the Common Expense fund.

SECTION 9. MANAGING AGENT. The Board of Directors for the Condominium may engage the services of any person, firm, or corporation to act as managing agent at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in subdivisions (b), (c), (d), (f), (j), (k), (l), (m), (n) and (o) of Section 8 of this Article III. The Board may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subdivisions (a), (e), (g), (h) and (i) of

(g) Nothing shall be altered or constructed in or removed from the Common Areas and Facilities except upon the written consent of the Board of Directors.

(h) No Unit shall be rented by the Unit Owner for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty (30) days, or (ii) any rental if the occupants of the Units are provided customary hotel services. Other than the foregoing restrictions, Unit Owners shall have the right to lease their respective Units, provided that said lease is made subject to the covenants and restrictions in this Declaration and Bylaws, and a failure by the lessee to comply with the terms of the Condominium Documents shall be a default under the lease. All leases are to be in writing.

(i) The Board of Directors of the Homeowners Association is authorized to adopt rules for the use of the Condominium, said rules to be furnished in writing to the Owners. There shall be no violation of said rules.

(j) Notwithstanding anything herein to the contrary, Declarant, and such persons as he may select, shall have the right of ingress and egress over, upon and across the Common Areas and Facilities, the right to utilize one or more Units as a model, office or for other promotional purposes, the right to erect signs upon the Property for the purpose of advertising availability of Condominium Units and similar uses, and the right to store materials on the Common Areas and Facilities, and to make such other use thereof as may be reasonably necessary incident to construction, development and sale of the Units.

11. PERSON TO RECEIVE SERVICE OF PROCESS. The Chairman of the Board of the Homeowners Association is hereby designated to receive service of process in any action which may be brought against or in relation to the Condominium. The Homeowners Association's initial address and place of business is 1050 21st Avenue, NW, Hickory, North Carolina 28601, which is located within the county in which the Property is located.

12. EASEMENTS. The Declarant and each Unit Owner shall have an easement in common with the other Owners of all other Units to use, install, repair, maintain and restore all pipes, wires, ducts, cables, air conditioning conduits, public utility lines and other common facilities located in any of the other Units and serving his Unit or the Units owned by Declarant. Each Unit shall be subject to an easement in favor of the Owners of all other Units to

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use, install, repair, maintain and replace the pipes, ducts, cables, wires, air conditioning conduits, public utility lines and other common facilities serving such other Units and located in such Unit. The Board of Directors, or its agent(s), shall have the right of access to each Unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common facilities contained therein or elsewhere in the building, such right of access to be limited in accordance with the Bylaws.

The Board of Directors may hereafter grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits and wires over, under and along and on any portion of the Common Areas; and each Unit Owner hereby grants the Board of Directors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may necessary to effectuate the foregoing.

13. PARTITIONING. The Common Areas and Facilities shall not be divided, nor shall any right to partition any part thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a Condominium Unit by more than one person, either as tenants by the entireties, or tenants in common or in any other form by law permitted.
14. LIENS. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the Common Areas and Facilities, except with the unanimous consent in writing of all of the Owners and the holders of the first liens thereon, except for (i) such liens as may arise or be created against the several units and their respective common interests under the provisions of the North Carolina Unit Ownership Act, and, (ii) with respect to Units and their said respective common interest, title to which has not been conveyed, or which have not been leased by Declarant, the lien of any mortgage given by Declarant to secure financing for the Buildings and other improvements on the Property. Every agreement for the performance of labor or the furnishing of materials to the Common Areas and Facilities whether oral or in writing, must provide that it is subject to the provisions of this Declaration:
15. NATURE OF INTEREST IN UNITS. Every Condominium Unit, together with its undivided common interest in the Common Areas and Facilities, shall for all purposes be,

BY-LAWS - Continued

their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors and the officers against all contractual liability to others arising out of contracts made by the Board or the officers on behalf of the Condominium, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board of Directors or any officer shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent that are Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or the officers, or out of the aforesaid indemnity in favor of the members of the Board or the officers, shall be limited to such proportion of the total liability thereunder as his interest in the Common Areas and Facilities bears to the interests of all the Unit Owners in the Common Areas and Facilities. Every agreement made by the Board, by the managing agent or by the officers on behalf of the Condominium shall provide that the members of the Board of Directors, the managing agent or the officers, as the case may be, are acting only as agents for the Unit Owners, and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Common Areas and Facilities bears to the interests of all Unit Owners in the Common Areas and Facilities.

ARTICLE V

OFFICERS

SECTION 1. NUMBER. The principal officers of the Condominium shall consist of a chairman of the Board, a secretary, a treasurer, and such vice chairmen, assistant secretaries, assistant treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except the offices of chairman and secretary.

SECTION 2. ELECTION AND TERM. The officers of the Condominium shall be elected by the Board of Directors. The chairman, vice chairman, secretary and treasurer shall be elected from among the Board, and all other officers, if any, need only be a Unit Owner. The officers elected by the initial Board are not required to be Unit Owners. The election of officers may be held at the regular annual meeting of the Board.

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

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board, with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. COMPENSATION. No officer shall receive any compensation from the Condominium for acting as such.

SECTION 5. CHAIRMAN OF THE BOARD. The chairman of the board shall be the principal executive officer of the Condominium; and, subject to the control of the Board of Directors, shall supervise and control the management of the Condominium. The chairman shall, when present, preside at all meetings of the Board and of the Unit Owners and, in general, shall perform all duties incident to the office of chairman of the board, and such other duties as may be prescribed from time to time by the Board.

SECTION 6. VICE CHAIRMAN. The vice chairman, and if there be more than one, the vice chairman designated by the Board of Directors, shall, in the absence or disability of the chairman, have the powers and perform the duties of said office. In addition, each vice chairman shall perform such other duties and have such other powers as shall be prescribed by the chairman of the board.

SECTION 7. SECRETARY. The secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Directors. He shall give, or cause to be given, all notices required by law and by these Bylaws. He shall have general charge of the minute books and records of both the Association and the Board of Directors. He shall sign such instruments as may require his signature, and, in general, such perform all duties incident to the office of secretary, and such other duties as may be assigned him from time to time by the chairman of the board or by the Board of Directors.

SECTION 8. TREASURER. The treasurer shall have custody of all Condominium funds and securities, and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board of Directors on or before the 15th day of the second month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Unit Owner for a period of three (3) years, and the treasurer shall mail or otherwise deliver a copy of the latest such statement to each Unit Owner annually on or before February 15 covering the preceding calendar year. The treasurer

shall also prepare and file all reports and returns required by federal, state or local law, and shall generally perform all other duties as may be assigned to him from time to time by the chairman of the Board of Directors.

SECTION 9. ASSISTANT SECRETARIES AND TREASURERS. The assistant secretaries and assistant treasurers, if any, shall, in the absence of the secretary and treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the chairman of the board or the Board of Directors.

ARTICLE VI

OPERATION OF THE PROPERTY

SECTION 1. ASSESSMENT AND DETERMINATION OF COMMON EXPENSES AND FIXING OF COMMON EXPENSES; EXPENSES OF DECLARANT. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Condominium, for the purpose of determining the amount of the Common Expenses to be collected from the Unit Owners in order to provide for the Common Expenses of the Condominium, and allocate and assess such Common Expenses among the Unit Owners, according to their Percentage of Interest in the Common Areas and Facilities as set forth in Exhibit E attached to the Declaration, taking into consideration any expected income and any surplus from the prior year's operation. The Common Expenses shall include, among other things, the expenses, costs and charges incurred in connection with the administration, operation and management of the Condominium property; the cost of maintenance, repair, replacement and restoration of the Common Areas and Facilities, or any part thereof; the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of the Declaration; such amounts as the Board of Directors may deem proper for the convenience, comfort and well-being of the Unit Owners, and for the operation, management and maintenance of the Property, including, without limitation an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year; such amounts as may be required for the purchase or lease by the Board of Directors, or its designee, corporate or otherwise, on behalf of all or less than all Unit Owners, or any Unit whose Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale; in proper cases, the cost of administration and of maintenance and repair of the Limited Common Areas and Facilities, which costs the Unit Owner is responsible for under Section 12 below and shall be assessed against the Unit to which the Limited Common Area is appurtenant pursuant to Section 13 below; and any other expenses lawfully agreed upon.

The Board of Directors shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of them, respectively, as determined by the Board of Directors, and shall furnish copies of each budget on which such Common Expenses are based to all Unit Owners. Provided, however, that the initial directors may elect to assess Common Expenses in an amount less than that required by the budget(s) presented by them.

The Declarant shall not be required to pay assessments determined in accordance with this Section 1, or special assessments as provided in Section 3 of this Article, for any Units owned by it. Instead, Declarant hereby agrees to be responsible for its pro rata portion of the following expenses according to its Percentage of Interest in the Common Areas and Facilities as set forth in Exhibit E attached to the Declaration: the expenses, cost and charges incurred in connection with the administration, operation and management of the Condominium; the expenses of maintenance and repair of the Common Areas and Facilities; the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of the Declaration; electrical, water and sewage charges and the daily cleaning and upkeep of the Common Areas and Facilities and any other expenses lawfully agreed upon by Declarant. Declarant shall not be responsible for other Common Expenses, including without limitation, working capital reserves, reserve fund for replacements, expenses for the purchase or lease of a Unit or Units, the current alteration and improvement account or the capital reserve account.

SECTION 2. PAYMENT OF COMMON EXPENSES. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI. Assessments shall be due and payable the first day of every month. A late payment charge in an amount to be determined by the Board shall be assessed for any payment not made by the tenth of the month. Any payment not made during the month in which it is due shall be subject to the late payment charge and shall accrue interest as provided in Section 5, and shall constitute a lien on the Unit as provided in Section 6 of this Article VI.

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provision of the Declaration and applicable restrictions of record) of such Unit, together with his interest in the Common Areas and Facilities (and Limited Common Areas and Facilities, if any) as defined in the Declaration. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by the purchaser of such Unit without prejudice to the purchaser's right to recover from the seller the amounts paid

by the purchaser therefor. Any such purchaser shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the seller, and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Provided, however, that a Mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the foreclosure sale. Such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Unit Owners, including such purchaser, his successors and assigns.

SECTION 3. SPECIAL ASSESSMENTS. The Board of Directors may levy special assessments, subject to the limitations of Section 1 hereof, for Common Expenses not covered by the annual budget. Such special assessments shall be charged to the Units according to their Percentage Interests in the Common Areas and Facilities. In addition, the Board may levy special assessments against one or more, but less than all, of the Units to cover repairs or maintenance for which such Unit Owner or Owners are responsible and which they have failed to make, or for repairs or maintenance required of a Unit Owner or Unit Owners which impair the value of the Common Areas and Facilities or the Unit or Units, or expenses which are incurred in the abatement of violation by a Unit Owner or Owners. The period of assessment and manner of payment of such assessment shall be determined by the Board.

SECTION 4. COLLECTION OF COMMON EXPENSES. The Board of Directors shall determine Common Expenses against the Unit Owners from time to time, and at least annually, and shall take prompt action to collect any Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Board of Directors shall notify the holder of the first mortgage on any Unit (of which it has notice) for which any Common Expense assessed pursuant to these Bylaws remains unpaid for more than thirty (30) days from the due date for payment thereof, and in any other case where the Unit Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

SECTION 5. DEFAULT IN PAYMENT OF COMMON EXPENSES. In the event of default by any Unit Owner in paying to the Board of Directors the Common Expenses as determined by the Board, such Unit Owner shall be obligated to pay the late payment charge as provided in Section 2 of this Article VI, and interest at the maximum allowable legal rate on such Common Expenses from the due date thereof; together with all expenses, including attorney's fees (if permitted by law), incurred by the Board in collecting such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, including all

rights and remedies provided by the Unit Ownership Act and the liability of a Unit Owner shall include interest thereon, and the expense of the proceedings, including attorney's fees (if permitted by law), in any action to recover the same brought against such unit Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property. Any mortgagee, upon request, shall be entitled to written notification from the Board of any default by any Unit Owner which is not cured within sixty days.

SECTION 6. LIEN AND PERSONAL OBLIGATION. Each assessment provided for in this Article, together with late payment charge, interest and expenses, including attorney's fees (as permitted by law), as provided in Section 5 hereof, shall be a charge on and a continuing lien upon the Unit against which the assessment is made when a notice of such lien has been filed of record in the office of the Clerk of Superior Court of Catawba County, North Carolina, in the manner provided by Article 8, Chapter 44, of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Said notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Unit Owner shall be personally liable for any assessment against his Unit becoming due and payable while he is the Owner of such Unit.

SECTION 7. PRIORITY OF ASSESSMENT LIEN. The lien of the assessments provided for in this Article shall be prior and superior to all other liens except (a) ad valorem taxes, (b) all sums unpaid on deeds of trust, mortgages or other encumbrances against the unit prior to the docketing of the assessment lien. The sale or transfer of any Unit shall not affect the assessment against such Unit. Provided, however, the sale of a Unit pursuant to the foreclosure sale or execution sale instituted by a superior lien holder shall extinguish the inferior assessment lien against the subject Unit but no such sale or transfer shall relieve each Unit from liability for any assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any Unit pursuant to a foreclosure or action instituted by a superior lien holder, only to the extent of its assessment lien if any.

SECTION 8. OWNER'S NON-USE. No Unit Owner may exempt himself from liability for his contributions toward Common Expenses and his other obligations to the Association by waiver of the use or enjoyment of any portion of the Common Areas and Facilities or by the abandonment or sale of his Unit.

SECTION 9. FORECLOSURE OF LIENS FOR UNPAID COMMON EXPENSES. In any action brought by the Board to foreclose a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and

the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Unit Owners, or on behalf of any one or more individual Unit Owners, if so instructed shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. Where the mortgagee of a first mortgage of record or the purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such purchaser, its successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Board of Directors chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of Common Expenses or assessments shall be deemed to be a Common Expense collectible from all Unit Owners, including such purchaser, its successors and assigns.

SECTION 10. STATEMENT OF COMMON EXPENSES. The Board of Directors shall promptly provide any Unit Owner so requesting the same in writing with a written statement of all unpaid charges due from such Unit Owner.

SECTION 11. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rule or regulation adopted by the Board or the breach of any bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists, and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition which may exist therein contrary to the intent and meaning of the provisions hereof, and the Board 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 at the expense of the defaulting Unit Owner; or (c) in any case of flagrant or repeated violation by a Unit Owner, to require such Unit Owner to give sufficient sureties for his future compliance with such Condominium documents. The failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

SECTION 12. MAINTENANCE AND REPAIR.

- (a) Each Unit Owner shall maintain, repair and replace, at his sole cost and expense, all portions of his Unit which may become in need thereof, including the components of the heating and air conditioning system within and appurtenant to each Unit, if any, Limited Common Areas and patios appurtenant to each

Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior, non-loadbearing walls, doors, floors, ceilings, carpeting, drapes and other items within the Unit, whether structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any Common Areas and Facilities not specifically set forth herein contained therein and not necessitated by the negligence, misuse or neglect of the Unit Owner, his family, guests, agents, servants, lessees, employees or contractors). Each Unit Owner shall be responsible for replacing all heating and air conditioning filters, if any, required in his Unit. Each Unit Owner shall further be responsible for all damages to any and all other Units and/or to the Common Areas and Facilities which his failure to do so may engender. All damages to the Common Areas and Facilities intentionally or negligently caused by the Unit Owner, his family, guests, agents, servants, lessees, employees or contractors shall be promptly repaired by the Unit Owner at his sole cost and expense; provided that there is excluded from the provisions contained in this section such repairs necessitated by casualties insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs. If the Unit Owner does not make those repairs to be made by him within thirty (30) days from written demand by the Board of Directors, the same may be repaired by the Board, and the cost thereof shall be assessed against the Unit owned by the subject Unit Owner.

(b) The Board of Directors shall maintain, repair and replace all portions of the Common Areas and Facilities which shall require same, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, his family, guests, agents, servants, lessees, employees or contractors, in which case such expense shall be charged to such Unit Owner, or unless herein provided to the contrary), and the cost thereof shall be charged to all the Unit Owners as a Common Expense.

SECTION 13. RESTRICTIONS ON UNIT OWNERS. No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness or the safety of the Condominium property, or reduces the value thereof. Each Unit Owner shall cause any work so performed or being performed on the Unit, which, in the sole opinion of the Board of Directors, violates the terms of this section, to be immediately corrected,

and he shall refrain from recommencing or continuing any work so in violation without written consent of the Board.

SECTION 14. DUTY TO REPORT. Each Unit Owner shall promptly report to the Board of Directors or its agent any defect or need for repairs or replacement the responsibility for which is that of the Board of Directors.

SECTION 15. ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY BOARD OF DIRECTORS. Whenever in the judgment of the Board of Directors the Common Areas and Facilities shall require additions, alterations or improvements, the Board of Directors shall proceed with such additions, alterations or improvements, and shall assess all Unit Owners for the costs thereof, as a Common Expense, subject, however, to the provisions of Section 1 of this Article VI.

SECTION 16. ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY UNIT OWNERS. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, or any addition, alteration or improvement which affects the exterior portion or outward appearance of such Unit without the prior written consent thereto of the Board of Directors. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed addition, alteration or improvement in such Unit Owner's Unit within fifteen (15) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. The provisions of this Section 16 shall not apply to Units owned by Declarant until such Units have been initially sold and conveyed by Declarant.

SECTION 17. USE OF COMMON AREAS AND FACILITIES. A Unit Owner shall not interfere with the use of the Common Areas and Facilities by the remaining Unit Owners and their guests.

SECTION 18. RIGHT OF ACCESS. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the Board of Directors or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Area and Facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Areas and Facilities in his Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance, and that any such entry is at a time reasonably convenient to the Unit Owner. In the case of an emergency, such right of entry shall be immediate, whether or not the Unit Owner is present at the time such request for entry is made, or such entry is at a time reasonably convenient to the Unit Owner.

SECTION 19. RULES OF CONDUCT. Rules and regulations concerning the use of the Units and the Common Areas and Facilities may be promulgated and amended by the Board and all Unit Owners shall abide thereby. Such rules and regulations shall be equally applicable to all Unit Owners similarly situated and shall be uniform in their application and effect. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner prior to the time when the same shall become effective.

ARTICLE VII

RECORDS AND AUDITS

SECTION 1. REPORTS. The Board of Directors shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board of Directors, minutes of the meetings of the Association, and financing records and books of account of the Condominium, including a chronological listing of receipts and expenditures as well as a separate account for each Unit, which, among other things shall contain the amount of each assessment of the Common Expenses against each unit, the date when due, the amounts paid thereof, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all the Unit Owners, their duly authorized agents or attorneys, and all lien holders, their attorneys and agents, at convenient hours on working days that shall be set and announced for general knowledge. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners on or before the 15th day of the second month following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners and to all Mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

SECTION 2. COMMON EXPENSE FUNDS. All sums collected by the Association, either as assessments of the Common Expenses or special assessments may be commingled in a single fund, but they shall be held for the Owners for the purposes for which they are paid, and shall, subject to the right of withdrawal or refund hereinafter provided, be credited to accounts from which shall be paid the charges for which the assessments are made. Such accounts shall include the following, or such other and further accounts as the Board of Directors from time to time shall determine:

- (a) General Common Expense Account--to which shall be credited collection of that portion of the Common Expense assessments received for defraying the costs of operating the Condominium on a day-to-day basis, including normal maintenance and repairs, insurance and related charges;

- (b) Current Alteration and Improvement Account--to which shall be credited that portion of any Common Expenses assessment to be allocated to current alterations and improvements for the Condominium;
- (c) Capital Reserve Account--to which shall be credited, subject to the right of the Unit Owners to elect to withhold such amount as hereinafter provided, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair and replacement of Common Areas and Facilities at a future date.

All sums collected by the Association, either as assessments for the Common Expenses or special assessments, during any fiscal year and allocated to the General Common Expense Account or to the Current Alteration and Improvement Account, or to any other account from which non-capital expenditures may be made, in excess of expenditures during such fiscal year made from or chargeable to said account or accounts shall be held for the General Common Expense Account or shall be applied to reduce the assessments in the succeeding year or shall be deemed contributions to capital at the end of said fiscal year, and shall be transferred to the Capital Reserve Account at the discretion of the Board. All amounts credited to said Capital Reserve Account shall be contributions to capital, and shall be held in trust by the Association for future expenditures of a capital nature, and shall serve to reduce the assessments required for said capital expenditures.

ARTICLE VIII

AMENDMENTS TO BYLAWS

Except as otherwise provided in the Condominium Documents, these Bylaws may be modified or amended by the vote of Voting Members holding a majority of the Percentage of Interest in the Common Areas and Facilities at a meeting of the Association duly held for such purpose. Provided, however, that the provisions of Article III, Sections 2, 3, 4 and 8, Article IV, Sections 2, 3, and 4, Article VI, Sections 1 and 16, insofar as they affect the rights of the Declarant, and this Article VIII, may not be amended without the consent in writing of Declarant, so long as Declarant shall be the Owner of one or more Units. No such amendment shall become operative unless and until the same is set forth in an amendment to the Declaration and duly recorded in the office of the Register of Deeds for Catawba County, North Carolina. Provided, however, that the Board of Directors shall give written notice to all holders of mortgages on Condominium Units of such amendment at least thirty (30) days prior to the effective date of such amendment.

ARTICLE IX

CONDEMNATION

SECTION 1. GENERAL. Whenever all or any part of the Condominium property shall be taken over by any authority having the power of condemnation or eminent domain, each Unit Owner and all Mortgagees shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association. Unless otherwise provided by law at the time of such taking, any award made therefor shall be disbursed by the Association as provided in this Article IX.

SECTION 2. COMMON AREAS. If the taking is confined to the Common Areas (general or limited) on which improvements shall have been constructed, and at least ninety (90%) per cent of the total vote of the members of the Association entitled to vote shall vote within sixty (60) days after such taking to replace the improvements, or any part thereof, on the remaining land included in the Common Areas (general or limited) and according to the plans therefor first approved by the Association, then the Board of Directors shall arrange for such replacement and the Association shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common Areas (general or limited) is to be repaired or reconstructed as provided for herein; subject, however, to the right hereby reserved to the Association by a majority vote of the Voting Members, to provide for the disbursement by the Association of the remaining proceeds held by it (after the payment of all costs incident to such replacement) to the Unit Owners or any one or more of them or to their mortgagees as their interests may appear in amounts disproportionate to their percentages of undivided interest in the Common Areas (general or limited) established herein, which disproportionate amounts shall correspond with the disproportionate damage sustained by the Unit Owners or any one or more of them as the Association may determine. If at least ninety (90%) per cent of the Voting Members shall not decide within sixty (60) days after such taking to replace said improvements, or if the taking is confined to the Common Areas (general or limited) on which no improvements shall have been constructed, then the Association shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken has been made, including the right reserved to the Association to provide for the disbursement of the remaining proceeds held by it to the Unit Owners in disproportionate amounts.

SECTION 3. UNITS. If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Areas (limited or

general), then the award shall be disbursed and all related matters shall be handled pursuant to and in accordance with the consent of all Unit Owners and mortgagees affected and the Board of Directors of the Association thereafter, expressed in a duly recorded amendment to the Declaration of Condominium. In the event that such an amendment shall not be recorded within ninety (90) days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in Paragraph 19 of the Declaration, whereupon the affected Unit Owners shall be entitled to partition as provided in Paragraph 13 of the Declaration.

SECTION 4. TERMINATION. The Board of Directors shall call a meeting of all Unit Owners at least forty-five (45) days prior to any final taking by the condemning authority to determine the action to be taken pursuant to Sections 2 and 3 above. In the event the condemnation involves more than ten (10%) per cent of the value of the Common Areas (limited or general) and/or more than fifteen (15%) per cent of the total value of all Units, the Condominium may be terminated at such meeting by written approval of not less than ninety (90%) per cent of the Voting Members.

ARTICLE X

MISCELLANEOUS

SECTION 1. AD VALOREM TAXES. Each Unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Unit Owner shall be liable solely for the amount of tax assessed against his Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the Common Areas shall be listed for said taxes in the name of and paid by the Association. Each Unit Owner is also responsible for his pro rata share of taxes assessed on his portion of the Common Areas.

SECTION 2. NOTIFICATION TO MORTGAGEES. Any Owner who mortgages his Unit shall notify the Association of the name and address of the Mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums." In addition to any other notification provided for in the Condominium Documents, the Association may, at the written request of a Mortgagee of any such Unit, report any unpaid assessments due from the Owner of such Unit. The Association shall notify each Mortgagee appearing in said book the name of each company insuring the Condominium property under the master policy and the amounts of the coverages thereunder.

SECTION 3. SEVERABILITY. Invalidation of any covenant, condition, restriction or other provision of the Declaration or

these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

SECTION 4. SUCCESSORS BOUND. The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Condominium property and shall be binding upon all persons who own or hereafter acquire any interest in the Condominium property.

SECTION 5. GENDER, SINGULAR, PLURAL. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

SECTION 6. PRINCIPAL OFFICE--REGISTERED OFFICE. The initial principal office and registered office of the Association shall be located at 1050 21st Avenue, NW, Hickory, North Carolina 28601.

SECTION 7. OTHER OFFICES. The Association may have other offices at such other places within North Carolina as the Board of Directors may from time to time determine or as the affairs of the Association may require.

SECTION 8. SEAL. The seal of the Association shall contain the name of the Association, the word "Seal", the year of incorporation and such other words and figures as is desired by the Board of Directors. When obtained, the seal shall be impressed in the margin of this Section of the Bylaws.

SECTION 9. FISCAL YEAR. The fiscal year of the Association shall be the calendar year.

SECTION 10. DEFINITIONS. The Definitions contained in Section 1 of the Declaration are incorporated herein by this reference, unless the context clearly indicates a different meaning therefor.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of QUAIL RUN CONDOMINIUM HOMEOWNERS ASSOCIATION, INC., a North Carolina not-for-profit corporation, and

THAT the foregoing By-laws constitute the original By-laws of said Association, as duly adopted at a meeting of the initial Board of Directors thereof held on the 6th day of November, 1981.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 6th day of November, 1981.

Signed: _____
Shirley P. DeRoo - Secretary