

BYLAWS OF
7 PATTON AVENUE RESIDENTIAL CONDOMINIUM OWNERS ASSOCIATION,
INC.

ARTICLE I
DEFINITIONS

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Declaration of Condominium for 7 Patton Avenue Residential Condominium (“**Declaration**”), recorded in the Office of the Register of Deeds for Buncombe County, North Carolina, to which a copy of these Bylaws is attached as an Exhibit D.

ARTICLE II
ADMINISTRATION OF CONDOMINIUM

Section 2.1. Authority and Responsibility. Except as otherwise specifically provided in the Residential Condominium Documents, the Residential Association shall be responsible for administering, operating, maintaining, and managing the Common Elements.

Section 2.2. Official Action. Unless specifically required in the Residential Condominium Documents, all actions taken or to be taken by the Residential Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been duly delegated by the Executive Board as set forth in the Residential Condominium Documents or these Bylaws. The Residential Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Residential Condominium Documents, and the North Carolina Condominium Act.

ARTICLE III
OFFICES - SEAL - FISCAL YEAR

Section 3.1. Principal Office and Registered Office. The initial principal office and registered office of the Residential Association shall be located at 327 Hillsborough Street, Raleigh, NC 27603.

Section 3.2. Other Offices. The Residential Association may have other offices at such other places within the State of North Carolina as the Executive Board may from time to time determine or as the affairs of the Residential Association may require.

Section 3.3. Seal. As permitted by North Carolina law, the Residential Association shall not be required to keep a formal seal.

Section 3.4. Fiscal Year. The fiscal year of the Residential Association shall be the calendar year.

ARTICLE IV MEMBERSHIP

Section 4.1. Qualification. Membership in the Residential Association shall be limited to the Owners, and every Owner of a Residential Condominium Unit shall automatically be a member of the Residential Association ("**Member**"). Membership in the Residential Association shall be appurtenant to and may not be separated from Residential Condominium Unit Ownership.

Membership in the Residential Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Units. The date of recordation in the Office of the Register of Deeds of Buncombe County, North Carolina of the conveyance of the Residential Condominium Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Residential Association may rely on the presumption that a deceased Owner died intestate.

Section 4.2. Place of Meetings. All meetings of the membership shall be held at a place in Buncombe County, North Carolina designated by the Executive Board.

Section 4.3. Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Residential Association. Each subsequent Annual Meeting of the Members shall be held within the fourth quarter of each calendar year, upon proper notice, at a date, time and place as may be reasonably set by the Executive Board. If the day for the Annual Meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Each Annual Meeting shall be open to all Members. At such meetings, the Executive Board shall be elected in accordance with **Section 5.3** of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4. Substitute Annual Meetings. If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of **Sections 4.5** and **4.6**. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4.5. Special Meetings. After the first Annual Meeting of the Members, special meetings of the Members may be called by the President, a majority of the Executive Board, or by Residential Unit Owners having not less than twenty percent (20%) of the votes in the Residential Association. Upon receipt of a request for a Special Meeting by an Owner, the President shall immediately cause written notice to be given of the meeting to be held on a date not less than seven (7) nor more than thirty (30) days after receipt of this request. If written notice is not given within ten (10) days after the delivery of the request, the Residential Unit Owner(s) making the request may call the meeting and give written notice of it. Business to be acted upon at all Special Meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6. Notices of Meetings. Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a director or officer, shall be delivered not less than ten (10) or more than thirty (30) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Unit. Notice shall be deemed given one (1) day after deposit of the notice with a nationally recognized overnight delivery service (signature release required) addressed to a Residential Unit Owner at the last address on file with the Residential Association.

Notice given to any one tenant in common, tenant by entirety or other joint Owner of a Residential Condominium Unit shall be deemed notice to all joint Owners of the subject Residential Condominium Unit.

The notice of a meeting shall specifically state the purpose or purposes for which the meeting is called. Notice of the date, time, place, and purpose(s) of any meeting of Residential Unit Owners may be waived by any Residential Unit Owner, before or after the meeting, by a writing filed with the records of the Residential Association. The attendance of any Residential Unit Owner at any meeting without protesting, before or at the beginning of the meeting, the lack of proper notice shall be deemed a waiver by such Residential Unit Owner of notice of the meeting.

Section 4.7. Quorum. Except as may be otherwise provided by law, the Articles of Incorporation, the Declaration, or these Bylaws, there shall be a quorum at any meeting of Residential Unit Owners where Residential Unit Owners who hold more than fifty percent (50%) of the total voting power in the Residential Association are present in person or by proxy. For a vote on any matter to be valid, the quorum requirement must be met at the time of completion of that vote. If such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote thereat, shall have power to adjourn that meeting to a day which is not more than one (1) week from the day the original meeting was called. Notice of the adjournment may not be given if the time and place to which the meeting is adjourned are fixed and announced at the original meeting.

Section 4.8. Proxies. At all meetings of Members of the Residential Association, each Member may vote in person or by proxy. The person designated a proxy need not be a Residential Unit Owner. Except that the Executive Board may waive this time requirement for a particular meeting if the waiver would not delay the meeting and would otherwise be fair and reasonable, all proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours prior to the meeting,. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her Unit, except as otherwise provided in the Declaration or the Articles of Incorporation, about the proxy given to the Declarant. If a first Mortgagee has been designated a proxy under the terms of a first mortgage covering a Residential Condominium Unit, the presentation to the Executive Board of a copy of the mortgage containing the proxy designation shall be notice of that designation, and, if the mortgage so states, of the irrevocability of that designation.

Section 4.9. Voting. Each Member's vote shall equal its Common Elements Interest in the Residential Condominium; provided that if a Residential Condominium Unit shall be owned by more than one (1) Residential Unit Owner, such Residential Unit Owners shall be deemed to constitute a single Member as to such Unit for purposes of this Section.

Unless otherwise expressly set forth by law, the Declaration, the Articles of Incorporation or these Bylaws, the affirmative vote of more than fifty percent (50%) of the voting power of the Association shall determine that matter.

Section 4.10. Order of Business. The order of business at all meetings of Members shall be as follows. (1) calling of meeting to order; (2) roll call; determination of whether there is a quorum; (3) proof of notice of meeting or waiver of notice; (4) reading of minutes of previous meeting; (5) report of Directors; (6) report of committees; (7) election of the Executive Board (when appropriate); (8) unfinished and/or old business; (9) new business; (10) adjournment.

Section 4.11. Action by Residential Association Members Without a Meeting. Any action which may be authorized or taken at a meeting of the Members may be authorized or taken without a meeting in a writing or writings signed by all Members which writing(s) shall be filed with the records of the Residential Association. Written notice of any action proposed to be taken by such written consent of Members shall be sent to all parties who are entitled to notices under the Declaration not less than seven (7) days prior to commencing the circulation of the action for written consent among the Members.

ARTICLE V EXECUTIVE BOARD

Section 5.1. General Powers. The business and affairs of the Residential Association shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to **Article VI** of these Bylaws. Provided, however, the Executive Board may not act on behalf of the Residential Association to amend the Declaration, to terminate the Residential Condominium, to elect members ("**Director(s)**") of the Executive Board, or to determine the qualifications, powers and duties, or terms of office of Directors.

Section 5.2. Number, Term and Qualification. There shall be three (3) Directors of the Executive Board. Directors shall serve without compensation. Two (2) of the Directors shall also serve on the Executive Board of the Master Association pursuant to the Master Declaration, which two (2) Directors shall be determined by the Executive Board of the Residential Association.

Section 5.3. Election of Directors. Subject to the Declarant's appointment and removal rights, as set forth in **Section 20.1(e)** of the Declaration, nomination for Directors shall be made from the floor at the annual meeting. Election shall be by secret written ballot and by a majority of the votes entitled to be voted at such meeting in which a quorum is present. Cumulative voting is not permitted. At the first annual meeting following the expiration of the Declarant Control Period, three (3) Directors shall be elected to serve until the following annual meeting. Each Director shall serve for a term of one (1) year or until his or her death, resignation, retirement, removal, disqualification or until his or her successor is elected and qualified. Directors may

succeed themselves in office. With the exception of the Directors appointed by the Declarant, each Director must own a Residential Condominium Unit. In the event that any such Director ceases to be in compliance with the preceding sentence, such Director's term shall be automatically terminated and the vacancy created thereby shall be filled in accordance with **Section 5.5** hereof.

Section 5.4. Removal. Any Director, except those appointed by the Declarant or which may be removed by the Declarant under **Section 20.1(e)** of the Declaration, may be removed by at least sixty-seven percent (67%) vote of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, with or without cause, in accordance with N.C.G.S. §47C-3-103(b). In the event of death, resignation or removal of a director, his successor shall be selected by the Declarant under **Section 20.1(e)** of the Declaration and thereafter by a majority vote of those votes entitled to be voted at a meeting where a quorum is present.

Section 5.5. Vacancies. Subject to **Section 5.4** above, a vacancy occurring in the Executive Board shall be filled by the written designation of the remaining members of the Executive Board until the next election.

Section 5.6. Chair. A Director shall be elected as Chair of the Executive Board by the Directors at the first meeting of the Board. The Chair shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Executive Board. Prior to election of a Chair and/or in the event that the Chair is not present at any meeting of the Executive Board, the Vice Chair shall preside.

Section 5.7. Compensation. No Director shall receive any compensation from the Residential Association for acting as such. Provided, however, each Director shall be reimbursed for reasonable, budgeted, out-of-pocket expenses incurred and paid by him on behalf of the Residential Association, and nothing herein shall prohibit the Executive Board from compensating a Director for unusual and extraordinary services rendered on the basis of quantum meruit, provided that such compensation must be approved by the Owner(s) having a majority of the Common Elements Interest. Further provided, each Director, by assuming office, waives his/her right to institute suit against or make claim upon the Residential Association for compensation based upon quantum meruit.

Section 5.8. Loans to Directors and Officers. No loans shall be made by the Residential Association to its Directors of the Executive Board.

Section 5.9. Liability of Directors of the Executive Board. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Director is hereby indemnified by the Residential Association with respect to any liability and expense of litigation arising out of his/her activities as a Director. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.10. Meetings of the Executive Board.

A. **Regular Meeting.** Regular Meetings shall be held, without notice, at such hour and address as may be fixed from time to time by resolution of the Board. Should any such

meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

B. Special Meetings. Special Meetings shall be held when called by the Chair of the Residential Association, or by any Director, after not less than seven (7) or more than thirty (30) days written notice to each Director.

C. Notices of Special Meetings. The notice provided for herein may be waived by written instrument signed by those Directors who do not receive said notice. Except to the extent otherwise required by law, the purpose of a Directors' special meeting need not be stated in the notice. Notices shall be deemed received upon the happening of any one of the following events. (1) one day following deposit of same with a nationally recognized overnight delivery service (signature release required) and addressed to the Director at his last known address on file with the Residential Association; (2) deposit of same at the Residential Condominium Unit mail box; (3) delivery in person to the Director. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting unless the subject Director gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

D. Approved Meeting Place. All Board meetings shall be held in Buncombe County, North Carolina.

E. Quorum. The majority of the Directors then holding office shall constitute a quorum for the transaction of business and every act or decision done or made the Directors at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board.

Section 5.11. Action Without Meeting. The Executive Board Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors of the Executive Board. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board. Said written approval shall be filed with the minutes of the proceedings of the Executive Board, whether done before or after the action so taken.

Section 5.12. Presumption of Assent. A Director who is present at a meeting of the Executive Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his/her contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Residential Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 5.13. Powers and Duties. Subject to the delegation of powers to the Master Association contained in the Declaration, the Executive Board shall have the authority to exercise all powers and duties of the Residential Association necessary for the administration of

the affairs of the Residential Condominium except such powers and duties as by law or by the Residential Condominium Documents may not be delegated by the Owners to the Executive Board. The powers and duties to be exercised, and delegated, as applicable, by the Executive Board shall include, but shall not be limited to, the following:

A. Operation, care, upkeep and maintenance of the "Common Elements" to the extent such operation, care, upkeep, and maintenance is not the obligation of the Owners;

B. Determination of the funds required for operation, administration, maintenance and other affairs of the Residential Condominium and collection of the Common Expenses from the Owners, as provided in the Residential Condominium Documents;

C. Employment and dismissal of personnel (including without limitation the Independent Manager [as defined in **Section 5.14** below], if one ever be employed by the Residential Association) necessary for the efficient operation, maintenance, repair, and replacement of the Common Elements;

D. Adoption of Rules and Regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Residential Condominium Units and Common Elements;

E. Opening of bank accounts on behalf of the Residential Association and designating the signatories required therefore (provided, however, that two (2) Directors of the Executive Board must sign any checks (or approve any transfers) from any reserve account);

F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Declaration;

G. Keeping detailed, accurate records of the receipts and expenditures of the Residential Association; obtaining annual audits of the financial records of the Residential Association from the Residential Association's public accountant; furnishing the annual reports; and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be available for examination by all Owners or their duly authorized agents or attorneys, at convenient hours on working days;

H. Keeping a complete record of the minutes of all meetings of the Executive Board and Membership in which minute book shall be inserted actions taken by the Executive Board and/or Directors by consent without meeting;

I. Supervising all contractors, agents and employees of the Residential Association and insuring that their duties are properly performed;

J. Enforcing, on behalf of the Residential Association, the obligations and assessments provided in the Declaration, including, but not limited to, the institution of civil actions to enforce payment of the Assessments as provided in the Declaration, the institution of actions to foreclose liens for such Assessments in accordance with the terms of N.C.G.S. §47C-3-116, the imposition of charges for late payment of Assessments;

K. Making of repairs, additions, and improvements to or alterations or restoration of the Common Elements 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 a condemnation or eminent domain proceeding;

L. Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Residential Association, these Bylaws, the Declaration or the Rules and Regulations hereinafter promulgated governing use of the Common Elements;

M. Paying all taxes and assessments which are or may become liens against any part of the Residential Condominium, other than the Residential Condominium Units, and to assess the same against the Owners in the manner herein provided;

N. Hiring attorneys and other professionals;

O. Maintaining and repairing any Residential Condominium Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Executive Board to protect the Common Elements or any other Unit or if the Owner of such 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 Executive Board to said Owner, provided that the Executive Board shall levy an Individual Unit Assessment (as hereinafter defined) against such Owner for the costs of said maintenance or repair;

P. Entering any Residential Condominium Unit when necessary in connection with any maintenance or construction for which the Executive Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Executive Board and such expenses shall be treated as a Common Expense; and entering any Residential Condominium Unit for the purpose of correcting or abating any condition or situation deemed by the Executive Board to be an emergency;

Q. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Executive Board. In the absence of such determination by the Executive Board, such documents shall be signed by the Chair and countersigned by any Executive Board Director;

R. Furnishing certificates setting forth the amounts of unpaid Assessments that have been levied upon a Residential Condominium Unit to the Owner or Mortgagee of such Unit, or a proposed purchaser or Mortgagee of such Unit, and imposing and collecting reasonable charges therefor;

S. Exercising any other powers and duties reserved to the Residential Association exercisable by the Executive Board in the Declaration, the Articles of Incorporation, these Bylaws, or the North Carolina Condominium Act; and

T. Appointing the Residential Association designees to the Executive Board of the Master Association.

Section 5.14. Independent Manager. The Executive Board in its discretion may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Residential Association concerning the routine management of the Residential Condominium / Common Elements. The Executive Board may delegate to such person, firm or entity (referred to in these Bylaws as “**Independent Manager**”) such duties and responsibilities in the management of the Residential Condominium Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Residential Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina Condominium Act. Furthermore, in no event shall the Independent Manager be authorized to draw checks on or transfer funds from any reserve account maintained by the Residential Association. The Independent Manager’s contract shall be for a term not to exceed three (3) years, renewable by agreement between the Executive Board and such Independent Manager for successive one-year terms; provided, however, that any such contract shall provide that it is terminable by the Residential Association, with or without cause, upon not less than ninety (90) days, prior written notice and without payment of any penalty. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

ARTICLE VI OFFICERS

Section 6.1. Enumeration of Officers. The officers of the Residential Association shall consist of a Director designated as Chair, a Director designated as Vice Chair, and a Director designated as Secretary/Treasurer. The Directors designated as Chair and Vice Chair shall also serve as Directors on the Executive Board of the Master Association pursuant to the Master Declaration.

Section 6.2. Designation and Term. The officers of the Residential Association shall be designated annually by the Executive Board. Such designations shall be held at the first meeting of the Executive Board next following the Annual or Substitute Annual Meeting of the Members. Each officer shall hold office until his death, resignation, removal or until his successor is elected and qualified.

Section 6.3. Resignation and Removal. The Executive Board may remove any officer at any time, with or without cause, by a majority vote of the Directors. Any officer may resign at any time by giving written notice to the Executive Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.4. Vacancy. A vacancy in any office may be filled by appointment of the Executive Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 6.5. Multiple Offices. No Executive Committee Member may hold more than one office, except as specifically provided in Section 6.1 regarding the Master Association.

Section 6.6. Chair. The Chair shall be the chief executive officer of the Residential Association and shall preside at all meetings of the Members and the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; upon the direction of the Executive Board, he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Residential Association, if any.

Section 6.7. Vice Chair. The Vice Chair, unless otherwise determined by the Executive Board shall, in the absence or disability of the Chair, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Executive Board shall prescribe.

Section 6.8. Secretary/Treasurer. The Secretary shall keep the minutes of all meetings of Members and of the Executive Board; he shall have charge of such books and papers as the Executive Board may direct; and he shall, in general, perform all duties incident to the Office of Secretary of a corporation organized under Chapter 55A of the General Statutes of North Carolina. The Secretary/Treasurer shall have the responsibility for the Residential Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign promissory notes of the Residential Association; he shall prepare a proposed annual budget (to be approved by the Executive Board) and the other reports to be furnished to the Members as required in the Declaration. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 6.9. Indemnification. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable times, each officer is hereby indemnified by the Residential Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

ARTICLE VII OPERATION OF THE RESIDENTIAL CONDOMINIUM PROPERTY

Section 7.1. Determination of Common Expenses; Types of Assessments. The Executive Board shall from time to time, and at least annually, prepare and adopt a proposed budget for the Residential Condominium, determine the amount of the Common Expenses payable by the Owners to meet the proposed budget of the Residential Condominium, and allocate and assess such proposed Common Expenses among the Owners in accordance with the procedure set forth in this **Article VII**, but subject to the terms and limitations set forth in the Declaration. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of the Declaration as well as the costs of all common utilities (that are not individually metered with respect to each Unit) and the cost of operating, cleaning, maintaining and repairing the Common Elements and the associated equipment and

improvements therein, including, without limitation, the common dumpster and common fire pump and related facilities. The Common Expenses shall also include such amounts as the Executive Board deems necessary for the operation and maintenance of the Common Elements, including without limitation, an amount for working capital of the Residential Condominium; an amount for a general operating reserve; an amount for a reserve fund for losses due to insurance deductibles; an amount for a reserve fund for repair and replacement of the Common Elements and associated improvements and equipment; and such amounts as may be necessary to make up any deficit in the Common Expenses for any prior year. Notwithstanding the foregoing, under no circumstances shall Common Expenses include any amounts for the maintenance, repair, replacement, operation or establishment of reserves with respect to any Residential Condominium Unit which is to be maintained, operated, repaired and replaced by the Residential Unit Owner.

Within thirty (30) days after adoption of any proposed budget for the Residential Condominium, the Executive Board of the Master Association shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners, no less than fourteen (14) nor more than thirty (30) days after mailing of the summary, to provide information on the proposed budget. Notwithstanding any other provision of these Bylaws, the proposed budget shall be deemed ratified once approved by the Executive Board of the Master Association in accordance with the Master Declaration. Each Owner shall be required to pay an amount ("**Common Assessment**") equal to its share of the Common Expenses based upon such Owner's proportionate share of the Common Elements Interest.

The Residential Association, acting through the Executive Board, also may levy a special assessment ("**Special Assessment**") during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements, including fixtures and personal property; provided, however, that any such Special Assessment must be approved by the approval of the Owner(s) having a majority of the Common Elements Interest, which votes may be cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws. Special Assessments, if approved, shall be payable by each Owner of Units for which such assessment is applicable in proportion to their respective Common Elements Interest unless otherwise agreed by the mutual approval of the Residential Unit Owners in writing.

In addition to the Common Assessment and the Special Assessment, the Residential Association, acting through the Executive Board may assess individual Residential Unit Owners ("**Individual Unit Assessment**") for: (i) any costs incurred by the Residential Association for which the Residential Owner has not fulfilled its obligation related to Maintenance, Upkeep and Repair Activities, if the Residential Association takes actions to do so as authorized herein; and, (ii) any costs incurred by the Residential Association as a result of a Residential Unit Owner's (or its tenant's, agent's, employees, contractor's, members, or invitee's) negligence, willful misconduct, or default under its obligations under the Declaration, these Bylaws, or the Rules and Regulations, including any costs for maintenance or repair and reasonable attorney's fees.

Section 7.2. Payment of Common Expenses. All Owners shall be obligated to pay the assessments assessed by the Executive Board pursuant to the provisions of **Section 7.1** hereof at such time or times as the Board shall determine.

No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit. A purchaser of a Residential Condominium 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 rights to recover from the seller the amounts paid by the purchaser therefor.

Section 7.3. Collection of Assessments. The Executive Board shall take prompt action to collect any Assessments which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Executive Board shall notify any Mortgagee holding a Mortgage on a Residential Condominium Unit if any Assessments charged to such Unit remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the 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 7.4. Default in Payment of Assessments. In the event of default by any Owner in paying to the Executive Board the Assessments as provided above, such Owner shall be obligated to pay interest on such amount of said Assessments from the due date thereof at the Prime Lending Rate shown in the Money Rates section of the *Wall Street Journal* plus six percent (6%) per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Residential Association in any proceeding brought to collect such unpaid Assessments. In addition, the Executive Board shall have the authority to levy a late charge on any Assessment, or installment thereof, not paid within fifteen (15) days after its due date, in the amount of four percent (4%) of the overdue Assessment.

The Executive Board shall have the right and duty to attempt to recover any Assessment, or installment thereof, which remains unpaid, together with interest thereon, late payment charges, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property.

In the event of the failure of an Owner to pay any Assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such Assessment shall become due, in addition to the other remedies available under the Residential Condominium Documents and the North Carolina Condominium Act, the Executive Board shall have the right to declare all other Assessments, and installments thereof, with respect to such Owner's Unit that are to fall due during the then current fiscal year of the Residential Association to be immediately due and payable.

Section 7.5. Lien and Personal Obligations. All Assessments provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Residential Condominium Unit against which an Assessment is made, which such lien shall be prior to all other liens excepting only (i) assessments, liens and charges for real estate taxes due and unpaid on the Residential Condominium Unit; and (ii) all sums unpaid on Mortgages and other liens and

encumbrances duly recorded against the Residential Condominium Unit prior to the docketing of such lien. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Buncombe County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all Assessments against the Residential Condominium Unit becoming due thereafter until the lien has been satisfied.

The lien for unpaid Assessments shall not be affected by the sale or transfer of the Residential Condominium Unit, except in the case of a foreclosure of a Mortgage, in which event the purchaser at foreclosure shall not be liable for any Assessments against such Unit that became due prior to the date of acquisition of title by such purchaser. Such unpaid Assessments shall be deemed Common Expenses collectible from all Owners of Units, including the purchaser at foreclosure. In addition, each Owner shall be personally liable for any Assessment against his/her Unit. No Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his/her Unit.

Section 7.6. Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Executive Board to foreclose on a Residential Condominium Unit because of unpaid Assessments, the 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.

Section 7.7. Violations by Owners. The violation of any rule or regulation adopted by the Executive Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Executive Board the right, in addition to any other rights set forth in the Declaration, these Bylaws or at law or in equity: (a) to enter the Residential Condominium Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Executive Board shall be obligated to institute judicial proceedings before any items of construction can be altered or demolished; (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 Owner; (c) the right to establish, assess and collect penalties against the defaulting Owner for any such breach, including, but not limited to, the right to immediately assess a penalty of \$100.00 per day against an Owner for each day that such Owner's Unit is in violation of the use restrictions set forth in Section 7.4 of the Declaration; and (d) the right to suspend privileges or services provided by the Association in accordance with the North Carolina Condominium Act.

Section 7.8. Right of Access. Subject to the terms of the Declaration, an Owner shall grant a right of access to his Unit to the Independent Manager and/or any other person authorized by the Executive Board or the Independent Manager for the purpose of making inspection of or for the purpose of correcting any condition originating in a Residential Condominium Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common

Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining a Residential Condominium Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Owner. In the case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 7.9. Rules and Regulations. In addition to the use restrictions set forth in the Declaration, reasonable rules and regulations governing the use of the Residential Condominium Property may be established and amended from time to time by the Master Association.

ARTICLE VIII AMENDMENTS

Subject to the provisions of **Article XIV** of the Declaration, these Bylaws may be amended at any time by an instrument in writing signed and acknowledged by each of the Residential Unit Owners, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Buncombe County, North Carolina. All persons or entities who own or hereafter acquire any interest in the Residential Condominium Property shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the consent of such Mortgagee. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of a Member (Owner) provided for in the Residential Condominium Documents, without the consent of affected Member (Owner).

ARTICLE IX MISCELLANEOUS

Section 9.1. Severability. Invalidation of any covenant, condition, restriction or other provisions 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 9.2. Successors Bound. The rights, privileges, duties and responsibilities set forth in the Residential Condominium Documents, as amended from time to time, shall run with the ownership of the Residential Condominium Property and shall be binding upon all persons who own or hereafter acquire any interest in the Residential Condominium Property.

Section 9.3. 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 (including entities, as applicable).

Section 9.4. Nonprofit Corporation. No part of the Residential Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Residential Association, or the Directors of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Residential Association and these Bylaws.

THIS IS TO CERTIFY, that the above bylaws of 7 Patton Avenue Residential Condominium Owners Association, Inc., a North Carolina nonprofit corporation (the "Corporation"), are the true, complete and correct bylaws of the Corporation, adopted as of _____, 2019.

By: _____

Name: _____

Title: _____