

ARTICLE I

Definitions

Unless otherwise defined herein, or unless the context otherwise requires, the terms defined in N.C.G.S. § 47F-1-103 of the Planned Community Act when used in this Declaration or any amendment shall have the meaning provided therein. The following terms when used in this Declaration and Exhibits shall have the following meanings, unless the context clearly requires otherwise.

Section 1. **“Association”** shall mean and refer to Cornelius Town Center Association, Inc., a North Carolina non-profit corporation, its successors and assigns. Declarant must form the Association prior to the conveyance of the first Lot by Declarant or its successor.

Section 2. **“Common Area”** shall mean and refer to all real property (including any improvements thereon) owned by the Association for the common and exclusive use and enjoyment of the Owners and others entitled to the use thereof, and for the purposes of maintenance and insurance, all easements established for pedestrian ingress, egress and regress shall be deemed to be Common Area as well.

Section 3. **“Declarant”** shall mean and refer to Inland Homes of Charlotte, LP, or any person or entity who succeeds to the title of Declarant.

Section 4. **“Lot”** shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Properties together with the improvements thereon, with the exception of road rights of way and the Common Area.

Section 5. **“Member”** shall mean and refer to every entity who is an Owner of the Property.

Section 6. **“Owner”** shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties.

Section 7. **“Property” or “Properties”** shall mean and refer to that real property hereinabove described.

ARTICLE II

Property Rights

Section 1. **Owners’ Easements of Enjoyment.** Every Owner shall have the right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to formulate, publish and enforce rules and regulations regarding the use of the Common Area;

(b) The right of the Association to suspend the voting rights of any Owner for any period during which any assessment against any Lot of the Owner remains due and unpaid, and for a period not to exceed thirty (30) days, for any infraction of its published rules and regulations.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as the Members may be agree. No such dedication or transfer shall be effective unless evidenced by an instrument signed by the officers of the Association following an affirmative vote of at least two-thirds (2/3) of the Lots agreeing to such dedication or transfer and duly recorded in the Mecklenburg County Registry. No such dedication shall occur without the prior approval of the Veterans Administration and the Department of Housing and Urban Development, or their successors, so long as there is a Class B membership.

(d) The right of Declarant, so long as it owns any Lot, to place promotional signs and literature in the Common Area.

Section 2. Title to Common Area. Declarant hereby covenants for itself, its successors and its assigns, that it will convey to the Association fee simple title to the Common Area of Cornelius Town Center Townhomes within ninety (90) days of the formation of the Association, free and clear of all liens and encumbrances, subject only to the provisions of this Declaration, the Articles and Bylaws of the Association, and the utility and drainage easements specifically reserved or indicated on any recorded plat of the Properties. Title to the Common Area may not be encumbered or conveyed without the consent of at least two-thirds (2/3) of the Owners exclusive of Declarant.

Section 4. Annexation of Additional Properties. Declarant, or the Association, may impose the covenants, easements and restrictions contained herein upon additional properties by reference or otherwise. No such subjection shall occur without the prior consent of the Veterans Administration and the Department of Housing and Urban Development, or their successors, so long as there is a Class B member.

ARTICLE III

Voting Rights

Section 1. Voting Rights. With regard to voting rights, the Association shall have two (2) classes of members.

(a) **Class A.** Class A Members shall be all Owners, with the exception of Declarant, and each shall be entitled to one (1) vote for each Lot owned. If more than one person owns an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they may determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) **Class B.** The Class B Member shall be the Declarant, and it shall be entitled to twenty-three (23) votes for each Lot owned. Class B membership shall terminate and be converted to Class A membership immediately upon the happening of the first of the following events:

- (i) Upon the conveyance of the last Lot by Declarant, or its successor, to an Owner;
- (ii) On December 31, 2003; or
- (iii) At the election by the Class B Member to convert to Class A membership.

ARTICLE IV

Covenants for Assessments

Section 1. Creation of Lien and Personal Obligation for Assessments. Declarant, for each Lot owned by it within the Properties, and each grantee of any Lot, by acceptance of a deed therefor, whether or not so expressed in such deed, are deemed to be subject to these restrictive covenants, and specifically agree to pay to the Association:

- (a) Annual dues; and
- (b) Special assessments for capital improvements as such assessments are established in accordance with the provisions hereof; and
- (c) Interest, costs and reasonable attorneys' fees arising from collection efforts for annual dues and special assessments. Such amounts, as well as the dues and assessments, shall be a charge and a continuing lien upon the Lot and improvements thereto. Each shall also be a personal obligation of the Owner of such property at the time when the assessment fell due, transferable only upon express assumption, and shall not be the responsibility of any mortgagee to collect or pay. The failure of any Owner to perform his personal obligation to pay annual dues and special assessments shall not constitute a default under deeds of trust insured under Federal Housing Administration or Veterans Administration programs.

Section 2. Purposes of Dues and Assessments. The dues and assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents through the care and maintenance of the Common Area and Properties. These may include, but are not limited to, payment of the costs of utilities for the Common Area, and other necessary charges, such as property taxes and liability insurance premiums; repairs, replacements and additions, as well as general management of the Properties and Common Area; the establishment of an adequate reserve for such costs; the employment of attorneys to represent the Association when necessary; and such other needs as may arise so long as they relate to the Common Areas or to the Properties.

Section 3. Amount of Annual Assessments. The maximum annual dues for each Lot in the Properties shall be payable annually, in advance, and the amount thereof shall be determined as follows:

- (a) Up to and including December 31, 2000 the maximum annual assessment shall be \$500.00 per Lot, per year, for all Owners of Lots as of January 1 of that year, except Declarant. Declarant annually will be required to pay the lesser of the number of Lots owned by Declarant on January 1 of that year times the dues charged against each Lot of the Properties, or the difference between the total of the dues paid by all Owners other than Declarant and the total amount budgeted to be spent in that calendar year to carry out the

purposes for which dues were levied;

(b) The maximum annual dues for the calendar year beginning January 1, 2001, and for each calendar year thereafter, shall be established by the board of directors and may be increased by the board of directors without approval by the membership by an amount not to exceed five percent (5%) of the dues charged in the previous year;

(c) The maximum by which dues may be increased in any year may be increased without limit by the affirmative vote of two-thirds (2/3) of each class of voting Members at a meeting duly called for such purpose; and,

(d) When the board of directors fixes the annual dues for the calendar year, it shall, at the same time and in connection therewith, prepare or cause to be prepared an annual budget showing the services furnished by the Association and the costs thereof per Lot.

Section 4. Special Assessments for Capital Improvements. In addition to the annual dues authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for all or part of the costs of any construction, reconstruction, repair or replacement of any capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, or for the repair or reconstruction of residences as hereafter provided, provided that any such assessment shall have the assent of two-thirds (2/3) of the voting Members cast in person or by proxy at a meeting duly called for that purpose. All special assessments shall be charged, prorata, against all Lots, and may be collected on a monthly basis. The maximum amount that can be charged for a special assessment will be an amount equal to the annual dues charged in the preceding year.

Section 5. Notice and Quorum for any Action Authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4, above, shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the present Members or proxies entitled to cast sixty (60%) percent of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the date set for the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual dues and special assessments shall be charged against all Lots on a prorata basis and shall be collected on any due date schedule approved by the board of directors.

Section 7. Dues Commencement Dates. The annual dues provided for herein shall commence for each Lot as of the date the Lot first appears on a recorded, final plat of a portion of Cornelius Town Center Townhomes in the Mecklenburg County Registry. The first dues charge shall be adjusted according to the number of months remaining in the calendar year of transfer. At least thirty (30) days in advance of the setting of the dues amount, the board of directors shall provide every owner subject thereto written notice of the meeting of the board at which the dues amount will be adopted.

The Association, upon demand at any time, and for a reasonable charge, shall furnish a certificate in writing signed by an officer of the Association, or other duly serving representative thereof, setting forth whether there exist any due and unpaid dues or assessments on any specified Lot. A properly executed certificate of the Association as to the status of dues and assessments on any such Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Dues and Assessments; Remedies of the Association. Any dues or special assessments not paid within thirty (30) days after the due date shall constitute a lien against the title and shall bear interest from the due date at the same rate then chargeable under North Carolina law for money judgments. Pursuant to N.C.G.S. §47F-3-116, the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property in like manner as a deed of trust, and, in either event, interest, costs and reasonable attorneys' fees shall be added to and collectible with the amount of such obligation. In the event of foreclosure, the Owner shall be required to pay a reasonable rental for the Lot after conclusion of the foreclosure action and the petitioner in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 9. Subordination of Lien to Mortgagees. The liens provided for the dues and assessments herein shall be subordinate to the lien of any first deed of trust and the lien of any unpaid *ad valorem* taxes. Sale or transfer of any Lot shall not affect such liens. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure or any transfer in lieu of foreclosure shall extinguish the lien for any such dues and assessments which became due prior to such sale or transfer. No such sale or transfer shall release the subject Lot from liability for any dues or assessments thereafter becoming due or from the lien thereof.

Section 10. Appointment of Management Agent. The Association shall have the power to engage a management company to undertake any of its responsibilities as set forth in the this Declaration, the Articles of Incorporation, and the Bylaws. However, any such management agreement shall be terminable without liability by the Association, upon no more than ninety (90) days' notice to the management company.

ARTICLE V

Architectural Control

Section 1. Purpose. To preserve the style and manner in which The Cornelius Town Center Townhomes were initially constructed, and their integration with the surrounding environment, an Architectural Review Committee (hereinafter the "Committee"), as defined in Article V, will be established for the purposes of defining and enforcing aesthetic standards for construction within Cornelius Town Center Townhomes and for examining and either approving or disapproving any and all proposed improvements or temporary changes, including but not limited to: residences, sidewalks, driveways, parking lots, patios, courts, awnings, walls, fences, exterior lighting, exterior additions, modifications or remodelings, signage, landscaping, or the painting or staining of any exterior surface.

Section 2. Building Requirements. The building requirements applicable to all construction within Cornelius Town Center Townhomes are set forth in Exhibit A hereof and shall be binding as if set forth fully herein.

Section 3. Architectural Review Committee. Prior to the termination of Class B membership, Declarant shall appoint the Architectural Review Committee (hereinafter the "Committee") whose purpose shall be to define and enforce standards for construction and maintenance of all of the Lots within Cornelius Town Center Townhomes. Upon the termination of the Class B membership, the board of directors shall have the option of appointing new members to the Committee, or retaining some or all of the then-existing Committee members.

Section 4. Administration of Architectural Review Committee.

(a) The Committee which initially shall consist of three (3) members.

(b) The regular term of office for each member shall be one (1) year, coinciding with the fiscal year of the Association, but the Committee members shall be appointed for three (3), two (2) and one (1) year terms, respectively, so as to provide for a change of one member per year. Any one or more members appointed by the board may be removed with or without cause by the board at any time upon written notice to such appointees, and successors appointed to fill such vacancies shall serve the remainder of the terms of the former members.

(c) The Committee shall elect a Chair who shall be the presiding officer at its meetings, with an elected Vice Chair serving in the absence of the Chair.

(d) The Committee shall meet upon call of the Chair. All meetings shall be held at a place designated by the Chair. The Committee is authorized to retain the services of consultants, architects, landscape architects, designers, engineers, inspectors, and attorneys in order to advise and assist the Committee in performing its functions. The Association shall pay all costs incurred by the Committee in the performance of its duties.

Section 5. Plan Submission Procedures.

(a) Prior to commencing any construction or other work, three (3) sets of all plans, and a completed application on the form approved by the Committee, must be submitted.

(b) Plans must be submitted at least seven (7) days prior to the scheduled Committee meeting to allow time for a thorough review.

(c) Plans must be submitted to the office of the Committee.

(d) Final Plans, in complete form, must be submitted in order to gain approval to commence any construction on a Lot. Site plans must depict the following, none of which shall be required unless applicable to the plans under discussion:

(i) Access to streets and walkways, drives, and other exterior improvements, if applicable;

(ii) Foundation plan;

(iii) Exterior lighting plan;

(e) The Architectural Drawings to be submitted shall include:

- (i) Total enclosed heated square footage (stated by floor in case of multi-floored residences);
- (ii) Floor plans, including exact computation of the square footage of each floor and drawn to scale with 1 inch = 1 foot;
- (iii) Detailed drawings of typical wall section; patio wall section if appropriate; and other features desirable for clarification, e.g., exterior walls; and
- (iv) A North Carolina engineer's stamp unless drawn and sealed by a licensed architect.
- (v) Each application submitted shall identify materials with samples of exterior materials. Color samples must be submitted at the time final Plans for construction are submitted to the Committee.
- (f) The Committee will render an opinion in writing delivered to the applicant as to whether or not a particular design is acceptable, and shall do so within thirty (30) days of the submission of the application. In the event of unusual circumstances, the Committee may expand the time for its consideration by one ten (10) day period. The failure of the Committee to reach a determination and communicate same in writing to the Owner within said review period, as extended, if applicable, shall be deemed an acceptance of the proposal as presented, provided it has been properly presented pursuant to the provisions hereof.
- (g) Any submission that does not include all plans, materials, applications, and other items as required by this Section will be rejected by the Committee or the Administrator and will not be placed on the agenda until all requirements have been met.
- (h) To receive consideration, rejected submissions must be resubmitted seven (7) days in advance of the next meeting of the Committee.

Section 6. Architectural Review Committee Meetings.

- (a) The Committee will conduct meetings upon the written request of any Owner.
- (b) A meeting shall be scheduled within ten (10) days following a request by an Owner.
- (c) The quorum requirement will have been met if two-thirds of the Committee members are in attendance at any regular or special meeting, and for such time as they are present there at.
- (d) Resolutions of the Committee, and its approvals and disapprovals of applications, may be adopted only upon majority vote of those present and voting when the quorum requirement has been met. Proxies are not allowed for voting or any other purpose of the Committee.
- (e) Applicants may have returned to them a copy of the Plans reviewed by the Committee with appropriate markings to amplify Committee comments or recommendations. Markings on the Plans so received will not bind the Committee to any design indicated therein but are offered only as advisory comments.
- (f) The Plans will be retained as part of the Committee's permanent records, along with color and materials samples.

ARTICLE VI

Exterior Maintenance

Section 1. **Common Area.** The Association shall be responsible for the maintenance of the Common Area and all improvements, structures and shrubbery built or situate upon the Common Area.

Section 2. **Individual Lots.** Each Owner shall be responsible for providing the exterior maintenance to the improvements of his or her Lot sufficient to prevent the appearance thereof from becoming unsightly, including, but not limited to, the following: staining and painting the exterior of the residence; repair, replacement and care for roofs, gutters, downspouts, exterior building surfaces, glass surfaces, doors and other exterior improvements.

Section 3. **Failure to Maintain or Repair.** In the event an Owner shall fail to maintain the premises and the improvements thereon in a manner satisfactory to the board of directors, the Association, after approval by a two-thirds (2/3) vote of the board, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and yard and the exterior of the improvements located thereon. The cost of such exterior maintenance shall be added to and become a part of the current dues to which such Lot is subject.

ARTICLE VII

Use Restrictions

Section 1. **Rules and Regulations.** The board of directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the board shall be recorded in a book of resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. **General.** The Property shall be used for residential and, subject to limitations referenced or set forth herein, professional and retail business office purposes, and such other purposes as are incidental to the maintenance of a residence and home offices, and for no other purposes. Provided, however, all permitted uses, including without limitation office uses, shall be limited to such as in the opinion of the board of directors are not inconsistent with the maintenance of the general character of the Property as an office condominium of the first.

(a) There shall be no obstruction of the Common Area. Nothing may be stored in the Common Area without the prior written consent of the board of directors.

(b) Nothing shall be done or kept in any Lot or in the Common Area which will increase the rate of insurance on the Common Area or any other Lot without the prior written consent of the board of directors. No Owner shall permit anything to be done or kept in his Lot or in the Common Area which would result

in the cancellation of insurance on any Lot or any part of the Common Area, or which would be in violation of any law. No waste of the Common Area will be committed.

(c) Nothing shall be altered or constructed in or removed from the Common Area except with the written consent of the board of directors.

(d) The board of directors is authorized to adopt rules for the use of the Common Area, said rules to be furnished in writing to the Owners.

(e) Notwithstanding anything to the contrary, Declarant and such persons as it may select shall have the right of ingress and egress over, upon, and across the Common Area, the right to utilize one or more Lots as a model or sales office, the right to erect signs upon the Property for the purpose of advertising availability of Lots and similar uses, and the right to store materials on the Common Area, and make such other use thereof as may be reasonably necessary incident to construction, development and sale of the Lots, and the operation of the Lots and Common Area.

Section 3. Restricted Activities. The following activities are prohibited within all of the Lots unless expressly authorized by, and then subject to such conditions as may be imposed by, the board of directors.

(a) Any activity which tends to cause an unclean, unhealthy or unsafe condition to exist outside of enclosed structures on the Lot (including, without limitation, the presence of junk or garbage surrounding such Lot);

(b) Any activity which emits foul or obnoxious odors, fumes, dust, smoke, or pollution outside the Lot or which creates noise, unreasonable risk of fire or explosion, or other conditions which are a nuisance;

(c) Any activity which violates local, state or federal laws or regulations;

(d) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Lots, except alarm devices used exclusively for security purposes;

(e) Use of any Lot for a business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as: the business activity conforms to all zoning requirements for Cornelius Town Center Townhomes; the business activity does not involve door-to-door solicitation of residents of the Properties; and, the business activity is consistent with the character of Cornelius Town Center Townhomes and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the board of directors.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally-accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether such activity is engaged in full or part-time; such activity is intended to or does generate a profit; or, a license is required.

Leasing of a Lot shall not be considered a business or trade within the meaning of this section. This section shall not apply to any activity conducted by Declarant with respect to its development and sale of Lots or its use thereof;

(f) Any construction, erection, placement, or modification of anything, permanently or temporarily, on the outside portions of the Lot, except as specifically authorized and otherwise in strict compliance with the Declaration.

Section 4. Prohibited Uses. In addition to uses which are inconsistent with applicable zoning or are prohibited or restricted by other recorded covenants, conditions, restrictions or easements, the following uses are prohibited within Cornelius Town Center Townhomes:

(a) restaurants, theatres (motion picture or legitimate), health spas, dairy stores, pharmacies, supermarkets, convenience food stores, bakeries, green groceries, and establishments which sell alcoholic beverages; and,

(b) massage parlors, and any establishment which offers entertainment or service which includes nude or partially dressed male or female persons; and,

(c) "adult entertainment uses," which include any establishment which generates, shows, previews, or prominently displays, advertises, or conspicuously promotes for sale or rental movies, films, videos, magazines, books, computer sites, or other medium (whether now or hereafter developed) which is rated "X" by the Movie Picture Industry (or any successor rating established by the Motion Picture Industry) or is otherwise of a pornographic or obscene nature; and, sexually explicit games, toys, devices, or similar merchandise.

ARTICLE VIII

Easements

Section 1. Reservation. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on all recorded plats for use by Declarant, utility companies and public agencies in connection with the Property. Within these easements no structures, plantings or other materials shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of water flow or of drainage channels in the easements, or which obstruct or retard such flow. In addition, the Property shall be subject to a non-exclusive easement in favor of Declarant for construction of improvements on the Property and for exhibition and sale of such improvements.

Section 2. Common Area. The Association shall have the power and authority to grant and establish in, over, upon and across any Common Area conveyed to it such further easements as may be requisite for the convenient use and enjoyment of the property.

Section 3. Encroachments. All Lot and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots to the extent that such initial improvements actually encroach, including, without limitation, gutters, downspouts, walls, and sidewalks. If any encroachments shall occur hereafter as a result of settling or shifting of any improvements, or as a result of any permissible repair, construction, reconstruction or alteration, or as a result of condemnation or eminent domain proceedings, a valid easement is hereby declared to

exist for such encroachment and the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by Declarant for a period not to exceed eighteen (18) months following conveyance of said Lot to its original owner for the purpose of correcting any problems that may arise regarding grading and drainage. Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 4. Party Walls.

(a) **Definition.** Each wall which is built as a part of the original construction of the improvements made on the Lot and which is placed on the dividing line between any two Lots shall be deemed a "Party Wall" for the benefit of the Owners of said Lots and shall be used for the joint purpose of the dwellings separated thereby.

(b) **Ownership and Maintenance.** The conveyance of each Lot separated from any other Lot by a Party Wall shall include an undivided interest in so much of the width of the entire length of said Party Wall separating such Lot from the adjoining Lot. The cost of reasonable repair and maintenance of the Party Wall shall be shared equally by the Owners. Whenever a Party Wall or any part thereof is to be rebuilt, it shall be constructed on the same site and shall be of the same size and of the same or similar materials of like quality as the Party Wall prior to such repair or reconstruction.

(c) **Grant of Easement.** Each Owner shall have a grant of easement of lateral support for such party of said wall as is situated on the adjoining Lot; and there shall be reserved in the conveyance of each of such Lots a like easement of lateral support. The Owners who share a Party Wall shall have the unfettered use of all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in the Party Wall which serve their Lots. The board of directors shall have the right of access to each Lot to maintain, repair or replace the Common Area contained therein.

(d) **Applicable Law.** The statutory laws and judicial precedents of North Carolina regarding Party Walls, and of liability for property damage due to negligence, or willful acts or omissions, shall apply.

Section 5. Utility Easements. Declarant specifically reserves for local service the right to grant easements over any Lot for the installation and maintenance of utilities, including communication cables, to benefit consumers of such services.

Section 6. Right to Enter in Emergencies. In the event of any emergency originating in or threatening any Lot, regardless of whether the Owner is present at the time of such emergency, the board of directors, or any person authorized by it, or the managing agent of the Property, shall have the right to enter such Lot for the purpose of remedying or abating the cause of such emergency, and making any necessary repair not performed by the Owner. Such right of entry shall be immediate, and no one who enters in good faith pursuant to this provision shall be liable in damages caused solely by such entry.

ARTICLE IX

Repair, Restoration and Rebuilding; Insurance

Section 1. Repair, Restoration and Rebuilding. In the event any part of the Properties or any of the residential structures thereon are damaged or destroyed by fire, other casualty, as rapidly as possible the Owner or Owners of the affected Properties shall cause them to be repaired, restored or rebuilt, as the case may be, to at least as good a condition as existed immediately prior to such damage or destruction.

Section 2. Lien Rights of Association. In any case in which the Owner of a Lot shall fail to carry out and see to the repair, restoration or rebuilding required by the provisions of this Article IX, or shall request the Association to carry out and see to such repair, restoration or rebuilding, the Association shall have the right, but not the obligation, to carry out and see to the repair, restoration and rebuilding required by the provisions hereof, provided, however, that to the extent any insurance proceeds are insufficient to pay the costs of the repairs, the particular Owner shall be responsible to the Association for such deficiency, and the Association shall have, and is hereby given, a continuing lien upon the Lot for which any such repairs or rebuilding are furnished by the Association in the aggregate amount of (a) the cost thereof, (b) interest at the rate of interest permitted by North Carolina law for money judgments from the date of the Association's payment of such costs, and (c) reasonable attorney's fees and any court or other costs incurred by the Association in connection therewith, which lien shall encumber such Lot in the hands of such Owner, his heirs, devisees, personal representatives, grantees or assigns. In the event such Owner does not forthwith fully repay the Association therefor, such lien may be foreclosed against the Lot by the Association in the same manner as herein provided in connection with unpaid assessments. The Association's lien in this Section 2 provided shall be subordinate to the lien of any prior mortgage upon the Lot.

Section 3. Insurance Requirements.

(a) **Fire.** The improvements upon the land and all personal property included in the Common Area shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the board of directors with the assistance of the insurance company providing coverage. The policies evidencing such coverage shall contain clauses providing for waiver of subrogation, and shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to all the insureds, including all mortgagees of Lots. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, water damage, explosion and boiler damage, vandalism and malicious damage. All such policies shall provide that adjustment of loss shall be made by the board of directors as insurance trustees.

(b) **Public Liability.** The board of directors may also obtain and maintain to the extent obtainable, public liability insurance in such limits as the board of directors may from time to time determine, covering each member of the board of directors, the managing agent, if any, and each Owner with respect to his liability arising out of the

ownership, maintenance, or repair of the Common Area. Such insurance may include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner.

(c) **Individual Owners' Coverage.** Each Owner shall maintain in full force at all times insurance covering the improvements erected upon his Lot consisting of, or providing all the protections afforded by, the insurance now generally described as contents coverage.

Section 4. Association's Right to Insurance. The failure by any Owner to carry, maintain, or renew any insurance required by this Article shall give the Association the right, but not the duty, to proceed to obtain such insurance or lesser coverage as it may deem advisable, and the cost thereof shall be due to the Association from the Owner of the Lot so insured forthwith upon demand, and such cost shall be collectible in the same manner as assessments.

Section 5. Association Not Liable. Declarant and the Association, its officers, directors, employees, agents and representatives, shall have no liability to any Owner for damage to or loss of either the real or any personal property of said Owner arising from the fact of the title or office of the party sought to be charged.

Section 6. Obligations of Association. Notwithstanding anything to the contrary herein contained, the obligations of the Association under the provision of this Article shall be limited to the repair, restoration and rebuilding of the Common Area, and the Association shall not be responsible for repair, restoration or replacement of any real or personal property of any Owner or others.

ARTICLE X

General Provisions

Section 1. Application. All Owners, employees of an Owner, tenants, or any other persons who may, in any manner, use the Properties or any portions thereof shall be subject to the provisions hereof and to the provisions of the Articles of Incorporation and Bylaws of the Association.

Section 2. Enforcement. The Association and any Owner shall be entitled to take any act necessary for the enforcement of these provisions from and after the recording hereof.

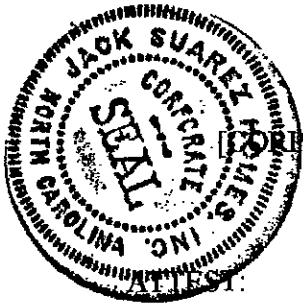
Section 3. Amendments. Notwithstanding any other provision contained herein to the contrary, if any amendment is necessary in the judgment of the board of directors to cure any ambiguity or to correct or supplement any provisions herein that are defective, missing, or inconsistent with any other provisions hereof, or if an amendment is deemed necessary to conform this document to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any secondary mortgage market lender, guarantor, or insurer with respect to single family projects, then at any time, and from time to time, the board may effect an appropriate corrective amendment without the approval of the Owners or any holder of any lien upon any part of the Properties. Each amendment of this type shall be effective upon the recording of an

appropriate instrument setting forth the amendment and its due adoption, which instrument has been executed and duly acknowledged by one or more duly authorized board representatives.

Section 4. **Lease of Residence.** Any lease must be in writing and provide that the terms of the lease and occupancy of the dwelling shall be subject in all respects to the provisions of this Declaration and the Bylaws and Articles of Incorporation, and that any failure by any lessee to comply with the terms of such documents shall constitute a default of such lease.

In Witness Whereof, the undersigned INLAND HOMES OF CHARLOTTE, LP has caused this instrument to be executed as of the 26 day of January, 2000.

DECLARANT:
INLAND HOMES OF CHARLOTTE, LIMITED PARTNERSHIP
By: JACK SUAREZ HOMES, INC., GENERAL PARTNER



[SEAL]

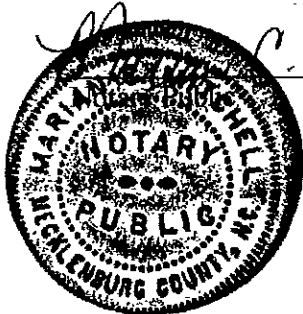
By: [Signature] (Seal)
Samuel D. Burns, Vice President

[Signature]
Thomas C. Ruff, Jr., Assistant Secretary

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, a Notary Public of the County and State aforesaid, certify that Thomas C. Ruff, Jr. personally came before me this day and acknowledged that he is an Assistant Secretary of Jack Suarez Homes, Inc., a Florida corporation, General Partner of Inland Homes of Charlotte, Limited Partnership, a North Carolina limited partnership, and that by authority duly given and as the act of the partnership, the foregoing instrument was signed in its name by him acting as a duly appointed representative of Jack Suarez Homes, Inc., General Partner.

Witness my hand and official seal, this the 26 day of January, 2000.



[Signature] (Seal)

My Commission Expires: 8/23/00

EXHIBIT A
ARCHITECTURAL REQUIREMENTS

Section 1. Home Subdivision. No Home may be subdivided; provided, however, the location of the Lot lines as shown on the recorded plat may be changed by the mutual agreement of the owners of the affected Homes by written amendment duly recorded to give record notice of such amendment.

Section 2. Construction. Any construction affecting a Home shall be completed within twelve (12) months from the date of approval, where applicable, of the plans by the Committee. No building materials, scaffolding, mechanical devices, or any other thing used for building purposes shall be stored on any Home except for the purpose of completing the approved project, and for a period no longer than is reasonably necessary to complete said project.

Section 4. Exterior Materials. Any planned changes to the exterior of the Home must first be approved by the Committee pursuant to Article V.

Section 5. Doors and Windows. Any planned changes to the windows or doors of the Home must first be approved by the Committee pursuant to Article V. Windows should generally be the same type and style throughout the Home. Exterior storm windows are not permitted.

Section 6. Roofs. Any planned changes to the roof of the Home must first be approved by the Committee pursuant to Article V.

Section 7. Antennae. No television antenna, satellite dish, radio receiver, or other similar device shall be attached to, or installed adjoining the exterior portion of any Home, or and other structure located on any Home within the community. The only exception to this prohibition is for mini-satellite receivers (not exceeding 18" in diameter).

Section 8. Service Areas. All service areas containing HVAC units, propane tanks, garbage containers, clothes lines, wood piles, or any other equipment stored outside the home must be screened by landscaping or approved fencing to the extent. Incinerators for garbage, trash or other refuse shall not be used, erected or placed on any Lot.

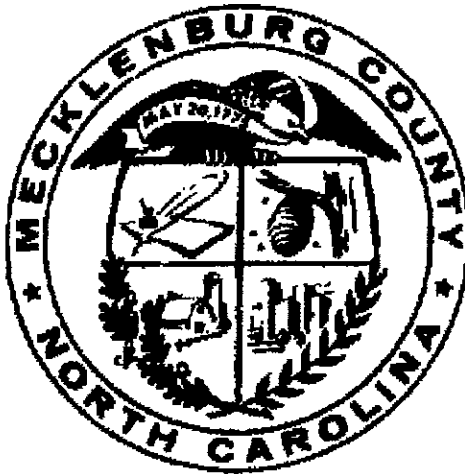
Section 9. Landscaping and Maintenance. Plans for any major landscaping must be approved by the Committee before any site work can begin. Owners shall maintain their Home in an orderly condition. Any damage or casualty shall be promptly repaired. No Home shall be used in whole or in part in any manner that will cause it to appear in an unclean or untidy condition. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Home outside an enclosed structure; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of these materials for pick-up by governmental and other similar garbage and trash removal service units.

Section 10. Exterior Lighting. Exterior lighting must not result in excessive glare, and must not interfere with the privacy of the other Owners. Directional lights (such as flood or spot lights) shall be aimed in such a way that no light from them shines on adjacent Lots. Non-directional lights should have enclosures.

Section 11. Fences and Walls. The location materials, size and design of all fences and walls must be approved by the Committee prior to installation.

Section 12. Signs. No signs, billboard or placard shall be placed, erected, maintained or permitted to remain on any Home except as expressly approved in writing by the Committee. An exception to this prohibition is for a single "For Sale" signs which shall not be larger than three feet by two feet (3' X 2') which shall refer only to the Home on which displayed, and shall be limited to one (1) sign per Home.

Section 13. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred, pastured, or contained on any Home, except for household pets which may be kept thereon in reasonable numbers for the sole pleasure and use of the Owner.



JUDITH A. GIBSON
REGISTER OF DEEDS , MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 01/27/2000 01:02 PM
Book: RE 11049 Page: 575-593
Document No.: 2000010862
RESTR 19 PGS
Recorder: MAXINE HAITH

State of North Carolina, County of Mecklenburg

The foregoing certificate of MARIAN C. MITCHELL Notary is certified to be correct. This 27TH of January 2000

JUDITH A. GIBSON, REGISTER OF DEEDS By: Galerie J. White
Deputy/Assistant Register of Deeds



2000010862

**SUPPLEMENT TO CORNELIUS TOWN CENTER
TOWNHOMES DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS SUPPLEMENT TO CORNELIUS TOWN CENTER TOWNHOMES DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Supplement") is made and entered into effective December 5, 2000 by the undersigned.

(a) Inland Homes of Charlotte, Limited Partnership, a North Carolina limited partnership ("Declarant"), caused to be recorded the CORNELIUS TOWN CENTER TOWNHOMES DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration"), such Declaration being recorded in Book 9212 at page 333 of the Mecklenburg County Public Registry ("Registry"). Capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to such terms in the Declaration.

(b) Pursuant to Article II, Section 4 of the Declaration, Declarant may cause additional property to be made subject to the terms and scheme of the Declaration by filing a Supplement to the Declaration in the Registry.

(c) The McAdams Company of the Carolinas, LLC, a North Carolina limited liability company ("McAdams"), is the record owner of that certain property located in the Town of Cornelius, Mecklenburg County, North Carolina and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Additional Property").

(d) Declarant and McAdams desire to cause the Additional Property to be made subject to the terms and scheme of the Declaration.

NOW, THEREFORE, Declarant and McAdams, by this Supplement, declare that all of the Additional Property is and shall be held, transferred, sold, conveyed and occupied subject to the Declaration (amended as set forth herein), and the covenants, conditions, restrictions, easements, charges and liens set forth therein and herein, all of which shall run with the title to the Additional Property and be binding upon all parties owning any right, title and interest in and to the Additional Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

All covenants, conditions, restrictions and easements established by and contained in the Declaration (amended as set forth herein) shall remain in full force and effect and shall apply to the Additional Property.

Mail to: Kent Jones
James, McElroy + Diehl
RD Box # 228

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W

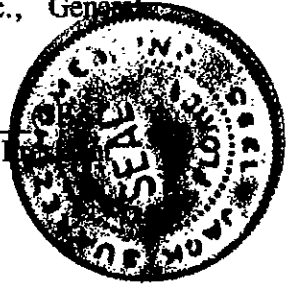
EXECUTED UNDER SEAL on the date first stated above.

DECLARANT:

INLAND HOMES OF CHARLOTTE,
LIMITED PARTNERSHIP,
a North Carolina limited partnership (SEAL)

By: Jack Suarez Homes, Inc., General
Partner

By: [Signature]
Samuel D. Burns, Assistant Vice President



McADAMS:

THE MCADAMS COMPANY OF THE
CAROLINAS, LLC, a North Carolina
limited liability company (SEAL)

By: [Signature] (SEAL)
E. Judson McAdams, Manager/Member

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, a Notary Public for the above state and county, do hereby certify that Samuel D. Burns personally came before me this day and acknowledged that he is Assistant Vice President of Jack Suarez Homes, Inc., a Florida corporation, which is the general partner of Inland Homes of Charlotte, Limited Partnership, a North Carolina limited partnership, and further acknowledged the due execution of the foregoing instrument by him as Assistant Vice President of said general partner on behalf of the partnership this 14 day of December, 2000.

My Commission Expires:
9-4-2001

Peggy G. Alexander
Notary Public



STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, a Notary Public for the above state and county, do hereby certify that E. Judson McAdams personally came before me this day and acknowledged that he is the manager/member of The McAdams Company of the Carolinas, LLC, a North Carolina limited liability company, and further acknowledged the due execution of the foregoing instrument on behalf of the partnership this 5th day of December, 2000.

My Commission Expires:
10/04/2004

Kent Davis Jones
Notary Public

NOTARY SEAL

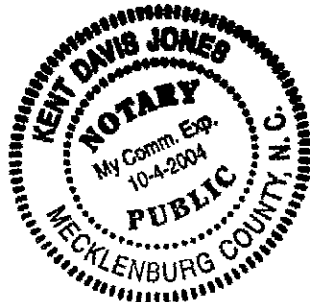
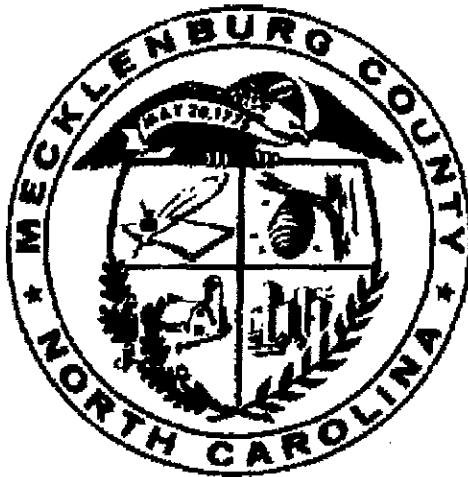


Exhibit A

Lying in the Town of Cornelius, Mecklenburg County, North Carolina and being more particularly described as follows:

BEING all of Lots 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25, inclusive, of Cornelius Town Center Townhomes, Phase 1, Map 2, as the same is shown on map thereof recorded in Map Book 33 at page 155 in the Mecklenburg County Public Registry.



JUDITH A. GIBSON
REGISTER OF DEEDS , MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 12/06/2000 11:31 AM
Book: RE 11771 Page: 427-431
Document No.: 2000177076
RESTR 5 PGS \$14.00
Recorder: NANCY JONES

State of North Carolina, County of Mecklenburg

The foregoing certificate of PEGGY G. ALEXANDER , KENT DAVIS JONES Notaries are certified to be correct.
This 6TH of December 2000

JUDITH A. GIBSON, REGISTER OF DEEDS By: Nancy Jones
Deputy/Assistant Register of Deeds



2000177076

BYLAWS
OF
CORNELIUS TOWN CENTER TOWNHOMES ASSOCIATION, INC.

ARTICLE I

General

Section 1.1. Name. The name of the corporation shall be Cornelius Town Center Townhomes Association, Inc. (hereinafter referred to as the "Association").

Section 1.2. Purpose. The Association is being organized for the purpose of administering Cornelius Town Center Townhomes, a planned residential development (hereinafter referred to as the "Property" or the "Development") in accordance with the terms of the Declaration (defined below).

Section 1.3. Principal Office. The principal office of the Association shall be located at such place as the Board of Directors may determine from time to time.

Section 1.4. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 1.5. Other Offices. The Association may have offices at other places, either within or outside the State of North Carolina, as the Board of Directors may designate or as the affairs of the Association may require from time to time.

Section 1.6. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 1.7. Application. These bylaws shall apply automatically to all Owners, tenants of such Owners, employees of Owners and tenants, and any other person who may, in any manner, use the Property, or any portion thereof.

Section 1.8. Definitions. The words used in these bylaws shall generally be given their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning set forth in the Cornelius Town Center Townhomes Declaration of Covenants, Conditions and Restrictions recorded in Book 11049, Page 575 in the Office of the Register of Deeds for Mecklenburg County, North Carolina, as amended or supplemented from time to time (the "Declaration").

ARTICLE II

Powers and Duties of the Association

Section 2.1 General. The Association shall have those powers and duties specifically and exclusively required by the Declaration and by these bylaws to be exercised and to be

performed by the Association, which powers and duties shall be exercised and performed upon a majority of the total vote of the Members as defined in Section 3.10 below, except as otherwise provided in the Declaration or these bylaws. Such powers and duties shall include, but not be limited to, the following:

1. Election of Directors, as provided in these bylaws;
2. Removal of any Director upon vote of 75% of the total vote of the Association, and election of a replacement upon vote of a majority of said total vote as provided in these bylaws;
3. Determination of whether to repair, reconstruct or rebuild after a casualty, as provided in the Declaration;
4. Determination of whether to make structural changes or additions, as provided in the Declaration;
5. Promulgation of regulations, as provided in the Declaration;
6. Proposal and approval of amendments to the Declaration as provided in the Declaration;
7. Proposal and approval of amendments to the bylaws, as provided in these bylaws;
8. Proposal and approval of changes in assessments, as provided in the Declaration; and
9. Annual election of Officers as proposed by the Directors.

ARTICLE III

Membership, Meetings and Voting

Section 3.1 **Membership.** Every owner of a Lot in the Development shall be a Member of the Association. "Owner" shall mean and include: (i) any individual or entity being the record owner of a fee simple title to any Lot which is part of the Development, (ii) the Declarant (as long as it owns any Lot in the Development), and (iii) the respective heirs, representatives, successors and assigns of (i) and (ii). Upon becoming an owner of a Lot in the Development, each owner shall automatically become a Member of the Association and be subject to the terms and provisions of these bylaws. Such membership shall terminate without formal action of the Association whenever an owner ceases to own a Lot in the Development; however, such termination of membership shall not relieve any such owner of any liability or obligation incurred under or in any way connected with the Development during such owner's period of ownership and membership, nor shall such termination impair any effective remedies which the Association, the Board of Directors, or others may have against such former owner and member arising out of, or in any way connected with, such ownership and membership and the covenants and obligations incident thereto.

Section 3.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association.

Section 3.3. Initial Meeting. The initial meeting of Members shall be held at the office of the Association approximately sixty (60) days following the date of formation of the Association.

Section 3.4. Annual Meetings. Annual meetings of Members after the initial meeting shall be held at the office of the Association at 8:00 p.m. on the first Friday in December of each year (beginning in the year in which said meeting date is more than ten (10) months following the initial meeting) for the purpose of electing directors and transacting any other business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next business day.

Section 3.5. Special Meetings. Special meetings of Members shall be held whenever called by the President, by the Vice President, by a majority of the Board of Directors, or by the Members upon receipt of a written request from Members entitled to cast one-third (1/3) of the total vote of the Association.

Section 3.6. Notice of Meetings. Notice of each and every meeting stating the time and place and the purposes for which the meeting is called shall be given by the President or Vice-President or Secretary or Manager. Such notice shall be in writing to each Member at his address as it appears in the current records of the Association, and shall be mailed not less than five (5) nor more than thirty (30) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving notice. In the case of an annual meeting, the notice of meeting need not include a description of the purpose or purposes for which the meeting is called unless such a description is required by the provisions of the North Carolina Business Corporation Act.

Section 3.7. Waiver of Notice. Any Member may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Member and delivered to the Association for inclusion in the minutes or filing with the meeting records. A Member's attendance, in person or by proxy, at a meeting (1) waives objection to lack of notice or defective notice of the meeting, unless the Member or proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the notice of meeting, unless the Member or his proxy objects to considering the matter before it is voted upon.

Section 3.8. Quorum. Except as otherwise provided in these bylaws or in the Declaration, a quorum at meetings of Members shall consist of the presence, in person or by proxy, of a majority of the total votes of the Association. The joinder of a Member or his proxy in the act of meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum.

Section 3.9. Notice and Quorum for Meetings Addressing Annual and Special Assessments. Notwithstanding the notice and quorum provisions of this Article III of these bylaws, notice of any meeting called for the purpose of taking any action regarding the amount of annual assessments (as authorized and described in Article IV, Section 3 of the Declaration),

or special assessments for Capital Improvements, (as authorized and described in Article IV, Section 4 of the Declaration), shall be given in accordance with the provisions of Article IV, Section 5 of the Declaration, which is hereby incorporated by reference.

Section 3.10. Majority. As used in these bylaws, "majority" shall mean more than fifty percent (50%) of the total number of persons or votes, as the specific context may indicate.

Section 3.11. Proxies. At all meetings of Members, each Member may vote in person or by proxy. If such Member is a business entity, such Member may vote by any agent duly authorized to vote on behalf of the entity. All proxies shall be in writing, signed by the Member or such Member's attorney-in-fact, dated and filed with the Secretary of the Association prior to any meeting for which such proxy is to be effective. Every proxy shall be revocable and shall be valid only for the particular meeting designated therein.

Section 3.12. Voting. The allotment of votes shall be based upon the total number of Lots in the Development, on a one-vote-per-Lot basis. On all matters upon which the Members are entitled to vote, each Member shall be entitled to cast one vote for each Lot owned. However, nothing in this section shall alter, amend, or restrict any or all of the voting provisions as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein by reference.

Section 3.13. Multiple Ownership of Lot or Lots. In the event that any one of the Lots is owned in fee simple by more than one person or entity, or in the event that several of the Lots are owned in fee simple by more than one person or entity, the owners of such Lot or Lots shall nevertheless be entitled only to the number of votes equal to the number of Lots owned, and such votes shall be cast in whatever manner agreed upon by the owners.

Section 3.14. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members present in person or by proxy at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the adjourned meeting. When a meeting is adjourned to a different date, time, or place, notice of the adjourned meeting must be given as provided in Section 3.6 of these bylaws to persons who are Members as of the date of the adjourned meeting. Meetings not held because a quorum has not attended may be adjourned from time to time until a quorum is present. If a quorum is present at the reconvened meeting, any business which might have been transacted at the meeting originally called may be transacted at the reconvened meeting.

The Members present at a meeting held in accordance with these bylaws at which a quorum is present may continue to do business until adjournment, despite the withdrawal during the meeting of enough Members to result in less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum of the non-withdrawing Members.

Section 3.15. Presiding Officer and Conduct of Meetings. The presiding officer at all meetings shall be the President, in whose absence the Vice-President shall preside. If neither such officer is present, the Members shall elect a chairperson to preside at the particular meeting. The Secretary shall keep the minutes of the meetings and shall record in the book of minutes all resolutions adopted and transactions occurring at meetings.

Section 3.16. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if one or more written consent(s) specifically authorizing and describing the action so taken is signed by or on behalf of all Members entitled to vote on such action at a meeting and is delivered to the Association for inclusion in the minutes of the Association. Such written consents shall have the same force and effect as a unanimous vote of the Members at a meeting.

Section 3.17. Order of Business. The order of business at annual meetings of Members, and, as far as practical at all other meetings of Members, shall be:

1. Acceptance of valid proxies;
2. Reading and disposal of any unapproved minutes;
3. Reports of officers;
4. Reports of committees;
5. Election of directors;
6. Unfinished business;
7. New business; and
8. Adjournment

ARTICLE IV

Board of Directors

Section 4.1. General. The affairs of the Association shall be governed by a Board of Directors. Each Director shall have one equal vote regardless of the number of Lots owned by such Director. In order to be a Director, the Director must be: (i) a Member of the Association, or (ii) a director, officer or other individual specifically authorized by the Member to act on its behalf in a written instrument filed with the Secretary of the Association.

Section 4.2. Number of Directors; Election. The Board of Directors shall consist of not less than five (5) Members who shall be elected by the Members of the Association. The first Board shall be elected by ballot at the initial meeting of Members, and their term shall be for a period of one (1) year, or until the next annual meeting after the expiration of their terms. Directors shall be chosen by ballot at appropriate annual meetings thereafter, or at any special meeting called for such purpose. Directors may be appointed or elected to serve any number of consecutive terms.

Section 4.3. Removal of Directors. Any Director or Directors may be removed at any time, with or without cause, by vote of 75% of the total vote of the Association at any regular or special meeting thereof, and the removed Director may be replaced by a majority of the total vote of the Association at any annual or special meeting thereof. Likewise, a Director shall be removed if he no longer qualifies as a Member of the Association.

Section 4.4. Vacancies. Any vacancy in the office of any Director, however occasioned, may be filled by the Directors until the time of election of a successor by the Members at any annual or special meeting thereof.

Section 4.5. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least one such meeting shall be held each quarter. Notice of the time and place of the meeting shall be communicated in writing to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 4.6. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, or by the Vice-President, or by a majority of the Board. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (i) personal delivery; (ii) written notice by first class mail, postage prepaid; (iii) by telephone communication, either directly to the Director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (iv) facsimile, with confirmation of transmission. All such notices shall be given at the Director's telephone number or sent to the Director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or facsimile shall be delivered, telephoned, or given at least seventy-two (72) hours before the time set for the meeting.

Section 4.7. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without objecting before or at its commencement as to the lack of adequate notice.

Section 4.8. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business. The votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting to a time neither less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 4.9. Compensation. No Director shall receive any compensation from the Association for acting as such unless consented to in writing by all Members. A Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors.

Section 4.10. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, in whose absence the Vice-President shall preside. The Secretary shall keep a minute book of Board meetings, recording all Board of Directors resolutions and all transactions and proceedings occurring at such meetings.

Section 4.11. Open Meetings. Subject to the provisions below, all meetings of the Board of Directors shall be open to all Members, and the officers, directors and authorized representatives of the Members. The Board of Directors shall be given written notice at least two (2) days prior to the meeting of the desire of a non-Director to attend the meeting. Such non-Director shall only be allowed to attend such meeting with the approval of the Board of Directors. In the event the Board of Directors does not respond to the notice of the non-Director's intent within five (5) days of receipt of such notice, this approval shall be deemed to have been given. Attendees other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time any such individual may speak to no more than two minutes. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding persons other than Directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 4.12. Action Without a Formal Meeting. Any action that must be or may be taken at a meeting of the Directors can be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

Section 4.13. Powers. The Board of Directors shall have all the powers necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, the Articles and these bylaws and as provided by law. The Board of Directors may do or cause to be done all acts and things as are not by the Declaration, Articles, or these bylaws directed to be done and exercised exclusively by the Members.

Section 4.14. Duties. The duties of the Board of Directors shall include, without limitation:

- (a) preparation and adoption of annual budgets;
- (b) establishing and levying assessments on each Lot for its share of the Common Expenses (as further described below in Section 5.3 of these bylaws); and levying fines for failure to abide by the terms of the Declaration;
- (c) establishing the means and methods of collecting all assessments, and establishing the period of installment payments if permitted to be paid in installments;

- (d) opening bank accounts on behalf of the Association and designating the authorized signatories;
- (e) collecting the assessments, depositing the proceeds in depositories of which it shall approve, and using the funds collected as assessments for Common Expenses (as further described below in Section 5.3 of these bylaws) to operate the Association;
- (f) providing for the operation, care, upkeep and maintenance provided for in the Declaration;
- (g) designating, hiring and dismissing the personnel necessary to carrying out the rights and responsibilities of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (h) making and amending rules governing use and operation of the Property;
- (i) making, or contracting for the making of repairs, additions and improvements as provided in the Declaration;
- (j) enforcing by legal means the provisions of the Declaration, and any other covenants applicable to the Property, these bylaws, and the Association rules, and bringing any proceedings concerning the Association which may be instituted on behalf of or against the Members;
- (k) mediating and arbitrating disputes: (i) between the Members arising out of interpretation, violation, enforcement of, or conflicts in the standards established under the Declaration, (ii) pertaining to compliance with the standards set by the Association, and (iii) regarding other matters which the Board of Directors determines that involvement is in the general interest of the Members;
- (l) obtaining and maintaining insurance, paying the cost of such insurance and bonds, and filing and adjusting claims, as appropriate;
- (m) paying the cost of all services rendered to or on behalf of the Association, as the Board of Directors may authorize;
- (n) keeping detailed books of account and operating records;
- (o) making available to any person or entity entitled thereto current copies of the Articles of Incorporation, bylaws, and rules, and charging such fees, if any, as the Board of Directors may establish to cover printing and mailing costs;
- (p) nominating Members to be elected Officers at the annual meeting;
- (q) employing, removing and replacing Managers or management agents;

(r) approving plans for construction, repair, reconstruction or rebuilding, as provided in the Declaration;

(s) approving amendments to the bylaws, as provided in Article VIII of these bylaws;

(t) considering, approving and disapproving exterior improvements or changes by Members of their Lots and townhomes as provided in the Declaration;

(u) appointing a public accountant, or accounting firm, to audit the books and records of the Association.

Section 4.15. Management. The Board of Directors, as soon as is reasonably possible after the first election of Directors, may employ for the Association a professional management agent or agents to serve as Manager of the Association, such employment to be authorized by vote of a majority of the total number of the Board of Directors, to perform such duties and services the Board of Directors shall authorize, at such compensation as a majority of the vote of the total number of the Board of Directors may establish; provided, such compensation shall be competitive with fees generally charged for the provision of similar services to comparable developments or to entities with comparable responsibilities in the southeastern United States (all or a portion of which compensation may be in the form of use of a residence owned or controlled by the Association). The Board of Directors may delegate to the management agent, subject to the Board of Directors' supervision, such powers as are necessary to perform the manager's assigned duties but shall not delegate policymaking authority or those duties set forth in subsections (a), (b) and (k) of Section 4.14. Declarant, or an affiliate of Declarant, may be employed as management agent. Such management agent shall hold office until discharged by a vote of the total number of the Board of Directors, and, in accordance with Article IV, Section 10 of the Declaration, any management agreement shall be terminable without liability by the Association upon no more than ninety (90) days notice to the Manager.

The Board of Directors may delegate to one of its Members the authority to act on its behalf on all matters relating to the duties of any management agent which might arise between meetings of the Board of Directors.

A management agent shall perform according to its contract as adopted by the Board for services to be rendered to the Association. Such contract may call for various reports or financial or other conditions of the Association and the Development, and may also include administrative duties such as the documentation, notification and collection of homeowners' dues and assessments from the Members.

Section 4.16. Accounts and Reports. The following management standards of performance shall be followed unless the Board of Directors by resolution specifically determines otherwise:

(a) cash basis accounting shall be employed;

(b) accounting and controls should conform to sound accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the management agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the management agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) financial reports shall be prepared for the Association at least annually containing:

(i) an income statement reflecting all income and expense activity for the preceding period on a cash basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Members whom are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent. (Any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board of Directors resolution).

Section 4.17. Borrowing. The Association shall have the power to borrow money for any purpose.

Section 4.18. Right to Contract. The Association shall have the right to contract with any Person or entity for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational or other agreements with any Member, trust, or condominium, cooperative, or other owners' or residents' association, within or outside the Property; provided, any common management agreement shall require the consent of a majority of the total number of the Board of Directors.

Section 4.19. Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board of Directors shall have the power to impose reasonable fines for violation of any duty imposed under the Declaration or these bylaws, which shall be assessed against the Lot of the violating Member. In the event that any occupant, guest or invitee of a Lot violates the Declaration or these bylaws and a fine is imposed, the fine shall first be assessed against the occupant. If the fine is not paid by the occupant within the time period set by the Board of Directors, the Member shall pay the fine upon notice from the Association. The failure

of the Board of Directors to enforce any provision of the Declaration or these bylaws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

Section 4.20. Notice. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing, and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

Section 4.21. Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction, if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

Section 4.22. Appeal. If a hearing is conducted before any body other than the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Board of Directors within thirty (30) days after the hearing date.

Section 4.23. Additional Enforcement Rights. The Board of Directors may elect to enforce any provision of the Declaration or these bylaws by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above, and entry upon property for the purpose of exercising this right shall not be deemed a trespass. In any such action, to the maximum extent permissible, the individual(s) or entity(ies) responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE V

Fiscal Management of the Association

Section 5.1. General. The provisions for fiscal management of the Association set forth in the Declaration and elsewhere in these bylaws shall be supplemented by the provisions of this Article V.

Section 5.2. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Member. Such an account shall designate the name and address of the Member, the amount of each assessment against the

Member, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

Section 5.3. Budget. The Board shall prepare, or cause to be prepared, a budget and proposed assessments for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to, the following items:

- (a) Common Expense budget:
 - (1) Maintenance and operation of common areas and limited common areas which the Association is to maintain;
 - (2) Casualty insurance;
 - (3) Liability insurance;
 - (4) Administration Costs;
 - (5) Water and sewer charges, if any; and
 - (6) Charges for electricity and gas used in common areas.
- (b) Proposed assessments against each Member based upon:
 - (1) The Common Expense budget; and
 - (2) All other necessary and proper expenditures anticipated to arise in the coming fiscal year.

Copies of the budget and proposed assessments shall be transmitted to each Member on or before December 1, preceding the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each Member concerned.

Section 5.4. Bank Accounts. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by the Treasurer or such other person designated by the Board of Directors.

Section 5.5. Audit of Accounts. An audit of the accounts of the Association shall be made when deemed necessary by the Board of Directors by a public accountant, or firm of accountants, and a copy of the report of such accountant with respect thereto shall be furnished to each Member not later than April 1 of the following year for which the report is made.

Section 5.6. Fidelity Bonds. Fidelity bonds may be required by the Board from all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI

Officers

Section 6.1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers having the authority and performing the duties the Board of Directors prescribes. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

Section 6.2. Election and Term of Office. The Board of Directors shall nominate individual Members who shall be elected annually by the membership of the Association from a slate of proposed officers chosen exclusively from the membership and presented by the Board of Directors at the annual meeting.

Section 6.3. Removal and Vacancies. Whenever in the Board's judgment the best interests of the Association will be served, the Board of Directors may remove any officer for cause at any Board meeting by vote of a majority of the total number of the Board, and may fill any vacancy in any office for the unexpired portion of the term arising from death, resignation, removal or otherwise.

Section 6.4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget of the Association and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 6.5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the day of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board of Directors resolution.

Section 6.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 4.9 of these bylaws.

ARTICLE VII

Committees

Section 7.1. General. The Board of Directors may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board of Directors may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

Section 7.2. Architectural Review Committee. An Architectural Review Committee (hereinafter "ARC"), as described in and as empowered by Article V of the Declaration, shall be established for the purposes of defining and enforcing aesthetic standards for the construction and maintenance of all Lots within the Development and for examining and either approving or disapproving any and all proposed improvements or temporary changes. Declarant shall appoint the initial ARC. Upon the termination of Class B membership in accordance with Article III, Section 1 of the Declaration, the Board of Directors shall have the option of appointing new members to the ARC, or retaining some or all of the then-existing ARC members. The ARC shall operate in accordance with the provisions of Article V of the Declaration, which are hereby incorporated by reference, and nothing in these bylaws shall limit or alter the powers and duties of the ARC described therein.

ARTICLE VIII

Amendments

Section 8.1. By Declarant Member. So long as the Declarant is a Member, the Declarant may unilaterally amend these bylaws, and these bylaws may not be amended without the written consent of the Declarant.

Section 8.2. By Members Generally. Except as otherwise specifically provided herein, these bylaws may be amended only upon resolution of the Board of Directors. A resolution adopting an amendment must receive approval of a majority of the vote of the total number of the Board of Directors and two-thirds (2/3) of the total vote of the Members of the Association. Directors and Members not present at the respective meetings considering the amendment may express their approval in writing.

Section 8.3. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

Section 8.4. Veto Power. For so long as the Declarant is a Member, any resolution duly adopted by the membership shall be submitted to the Department of Housing and Urban Development and the Veterans Administration, or their successors, and each such department shall have a right to veto same if exercised within a reasonable time, not to exceed 60 days from submission.

ARTICLE IX

Miscellaneous

Section 9.1. Parliamentary Rules. Except as may be modified by Board of Directors resolution, Roberts Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, or these bylaws.

Section 9.2. Conflicts. If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, and these bylaws, the provisions of North Carolina law, the Articles of Incorporation, and the bylaws (in that order) shall prevail. In the event of a conflict between the Declaration and these bylaws or the Articles, the Declaration shall control, provided it is not inconsistent with North Carolina law.

Section 9.3. Books and Records.

(a) Inspection by Members and Mortgagees. The Board of Directors shall make available for inspection and copying by any holder, insurer or guarantor of a first priority security encumbrance on a Lot or its improvements, by any Member, and by any duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot or its improvements the following documents: (i) the Articles of Incorporation, these bylaws, rules of the Association (including any amendments), (ii) the register of Owners, (iii) books of accounts, and (iv) the minutes of meetings of the Members, the Board of Directors, and committees. The Association shall provide for such inspection to take place at the office of the Association or at such other place within the Property as the Board of Directors may designate.

(b) Rules for Inspection. The Board of Directors shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
 - (ii) hours and days of the week when such an inspection may be made;
- and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make a copy of relevant documents at the expense of the Association.

Section 9.4. Notices. Unless otherwise provided in these bylaws, all notices, demands, bills, statements, or other communications under these bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of such Owner's Lot; and

(b) if to the Association, the Board of Directors, or the management agent, at the principal office of the Association or the management agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 9.5. Use of Pronouns, Singular and Plural. For purposes of these bylaws, masculine or feminine pronouns shall be substituted for those in the neuter form, and vice versa, and the plural shall be substituted for the singular, in any place or places herein where the context may require such substitution.

Section 9.6. Headings. The headings or titles of sections or subdivisions of these bylaws are inserted as a matter of convenience only, and are not intended to define or limit the subject matter of such sections or subdivisions in any manner.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Cornelius Town Center Townhomes Association, Inc., a North Carolina corporation;

That the foregoing bylaws constitute the original bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the _____ day of _____, _____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 2001.

Secretary (SEAL)

EXHIBIT A

ARCHITECTURAL REQUIREMENTS

ARTICLES OF INCORPORATION
OF
CORNELIUS TOWN CENTER TOWNHOMES ASSOCIATION, INC.

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

1. The name of the corporation is Cornelius Town Center Townhomes Association, Inc.

2. The purpose for which the corporation is organized is to promote and develop the common good and social welfare of residents of the community known as Cornelius Town Center Townhomes ("subdivision") as provided in the Cornelius Town Center Townhomes Declaration of Covenants Conditions and Restrictions recorded in Book 11049, Page 575 in the Office of the Register of Deeds for Mecklenburg County, North Carolina ("declaration").

3. The corporation shall have members, which shall be accepted or designated in the manner provided in the bylaws of the corporation.

4. The directors of the corporation shall be elected by the members in the manner and for the terms provided in the bylaws of the corporation.

5. No part of the net earnings of the corporation shall inure to the benefit of any officer, director, or member of the corporation; and upon dissolution of the corporation the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be distributed to any non-profit association or associations organized for purposes similar to those set forth in Paragraph 2 hereinabove, all as more particularly provided in the bylaws of the corporation.

6. Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers not in furtherance of the purposes of the corporation.

7. The address of the initial registered office of the corporation in the State of North Carolina is 600 South College Street, Charlotte, Mecklenburg County, North Carolina 28202, and the name of its initial registered agent at such address is John W. Beddow.

8. The name and address of the incorporator is John W. Beddow, James, McElroy & Diehl, P.A., 600 South College Street, Charlotte, Mecklenburg County, North Carolina 28202.

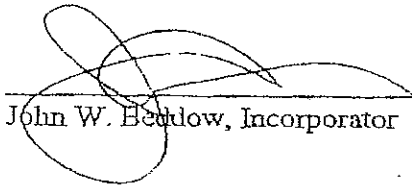
9. Every person who is a record owner of any lot within the subdivision is entitled to membership and voting rights in the corporation. Membership is appurtenant to, and inseparable from, the ownership of the lot.

10. Amendment of these Articles of Incorporation shall require the approval of at least two-thirds of the lot owners.

11. Annexation of additional properties, mergers and consolidations; mortgaging of the common areas of the subdivision, or dissolution or amendment of these Articles of Incorporation, shall require approval of HUD/VA as long as there is Class B membership as provided in the declaration.

12. The principal address of the corporation is located at 501 East Morehead Street, Suite 4, Charlotte, North Carolina 28202.

This the 2nd day of November, 2001.

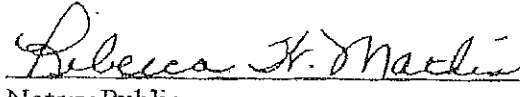


John W. Beddow, Incorporator

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, REBECCA W. MATHIS, a notary public, do hereby certify that John W. Beddow personally appeared before me this the 2nd day of November, 2001, and acknowledged the due execution of the foregoing Articles of Incorporation.



Notary Public

[Notary Seal]

My Commission Expires: 6-24-06

