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OF

EASTOVER CONDOMINIUMS

ARTICLE I

DEFINITIONS

Section 1. Act. The North Carolina Condominium Act.

Section 2. Allocated Interests. The undivided interests in the common elements, the common expense liability, and votes in the Association allocated to each unit.

Section 3. Association or Unit Owner's Associations. The Unit Owner's Associations organized under Section §47C-3-101 of the North Carolina General Statutes.

Section 4. Common Elements. All portions of a condominium other than the units.

Section 5. Common Expenses. Expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

Section 6. Common Expense Liability. The liability for common expenses allocated to each unit pursuant to Section 47C-2-107 of the North Carolina General Statutes.

Section 7. Condominium. Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real estate is not a condominium unless the undivided interest in the common elements are vested in the unit owners.

Section 8. Declarant. Any person or group of persons acting in concert who (i) as part of a common promotional plan offers to dispose of his or its interest in a unit not previously disposed of or (ii) reserves or succeeds to any special declarant rights.

Section 9. Declaration. Any instruments, however, denominated, which create a condominium, and any amendments to those instruments.

Section 10. Development Rights. Any right or combination of rights reserved by a declarant in the declaration to add real estate to a condominium; to create units, common elements, or limited common elements within a condominium; to subdivide units or convert units into common elements; or to withdraw real estate from a condominium.

Section 11. Executive Board. The body, regardless of name, designated in the Declaration to act on behalf of the Association.

Section 12. Identifying Number. A symbol or address that identifies only one unit in a condominium.

Section 13. Limited Common Element. A portion of the common elements allocated by the Declaration or by the operation of Section §47C-2-102(2) or (4) of the North Carolina General Statutes for the exclusive use of one or more but fewer than all of the units.

Section 14. Special Declarant Rights. Rights reserved for the benefit of a declarant complete improvements indicated on plats and plans filed with the Declaration (Section §47C-2-109, NCGS); to exercise any development right (Section §47C-2-110, NCGS); to maintain sales offices, management offices, signs advertising the condominium, and models (Section §47C-2-115, NCGS); to use easements through the common elements for the purpose of making improvements within the condominium or within real estate which may be added to the condominium (Section §47C-2-116, NCGS); or to appoint or remove any officer of the Association or any Executive Board member during any period of declarant control (Section §47C-3-103(d), NCGS).

Section 15. Unit. A physical portion of the condominium designated for separate ownership or occupancy, the boundaries of which are described pursuant to Section §47C-2-105(a) (5) of the North Carolina General Statutes.

Section 16. Unit Owner. A declarant or other person who owns a unit, or a lessee of a unit in a leasehold condominium whose lease expires simultaneously with any lease the expiration of termination of which will remove the unit from the condominium, but does not include a person having an interest in a unit solely as security for an obligation.

ARTICLE II

ADMINISTRATION OF EASTOVER CONDOMINIUMS

Section 1. Association. Eastover Owner's Association, an unincorporated association, was formed solely for the purpose of administering, managing and directing the operation of condominium property. The Association shall not engage in any other activities and shall confine itself to the management of the condominium property.

Section 2. Authority. The Association, its Executive Board, officers and its members, shall at all times act in conformity with the North Carolina Condominium Act, and the condominium documents.

ARTICLE III

OFFICES - SEAL - FISCAL YEAR

Section 1. Principal Office - Registered Office. The principal office and registered office of the Association shall be located at Catawba County, North Carolina 28601.

Section 2. Other Offices. The Association may have other offices at such other places within the State of North Carolina as the Executive Board may from time to time determine or as the affairs of the Association may require.

Section 3. Seal. The Seal of the Association shall contain the name of the Association, the word "Seal", and such other words and figures as desired by the Executive Board. When obtained, said seal shall be impressed in the margin of this Section of the By-Laws.

Section 4. Fiscal Year. The fiscal year of the Association shall be calendar year.

ARTICLE IV

MEMBERSHIP

Section 1. Qualification. Membership in the Association shall be confined to and consist of the unit ownership. Membership shall be appurtenant to and inseparable from unit ownership. No unit owner shall be required to pay any consideration whatsoever for his membership.

Membership in the Association shall inure automatically to unit owners upon acquisition of the fee simple title - whether encumbered or not - to any one or more units. The date of recordation of the conveyance in the Catawba County Public Registry of the unit in question shall govern the date of ownership of each particular unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased owner died intestate.

Section 2. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of forming of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the month of each year thereafter, at the hour of 7:30 o'clock P.M. If the day for the annual meeting of the Owner's Association members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3. Special Meetings: Special meetings of the members may be called at any time by the President or by a majority of the Executive Board, or by unit owners having twenty (20%) per cent of the votes in the Association.

Section 4. Notice of Meetings: Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary or other officer specified in the By-Laws shall cause notice to be hand-delivered or sent prepaid by United States Mail to the mailing address of each unit or to any other mailing address designated in writing by the unit owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or the By-Laws, budget changes, and any proposal to remove a director or officer.

Section 5. Quorum: A quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty (20%) per cent of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting. A quorum is deemed present throughout any meeting of the Executive Board if persons entitled to cast fifty (50%) per cent of the votes on that Board are present at the beginning of the meeting.

Section 6. Voting; Proxies: Voting and proxies at all meetings shall be in accordance with Section §47C-3-110(a) through (f) of the Act.

ARTICLE V
EXECUTIVE BOARD - SELECTION - TERM OF OFFICE

Section 1. Number: At the termination of declarant's control, the affairs of this Association shall be managed by an initial Executive Board of three (3) members, at least a majority of whom must be unit owners, and thereafter by a Board of five (5) members, at least a majority of whom must be unit owners.

Section 2. Term of Office: At the first annual meeting the members shall elect two (2) members for a term of one (1) year, two (2) members for a term of two (2) years and one (1) member for a term of three (3) years; and at each annual meeting thereafter the members shall elect two (2) members for a term of three (3) years.

Section 3. Removal: Any member of the Executive Board may be removed from the Board, with or without cause, by sixty-seven (67%) per cent vote of the unit owners of the Association. In the event of death, resignation or removal of a member, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation: No member of the Executive Board shall receive compensation for any service he may render to the Association. However, any member may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting: The members of the Executive Board shall have the right to take any action, not otherwise prohibited by law, in the absence of a meeting which they could take at a meeting obtaining the written approval of all the members. Any action so approved shall have the same effect as though taken at a meeting of the members.

ARTICLE VI
NOMINATION AND ELECTION OF EXECUTIVE BOARD MEMBERS

Section 1. Nomination for election to the Executive Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting of the unit owners, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among unit owners or non-unit owners.

Section 2. Elections: Election to the Executive Board shall be by secret written ballot. At such election, the unit owners or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII
MEETINGS OF EXECUTIVE BOARD MEMBERS

Section 1. Regular Meetings: Regular meetings of the Executive Board shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings: Special meetings of the Executive Board shall be held when called by the President of the Executive Board, or by any two (2) members of the Executive Board, after not less than three (3) days notice to each member.

Section 3. Quorum: A majority of the number of Executive Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII
POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers: The Executive Board shall have power necessary for the administration of the affairs of Eastover Condominiums

except such powers
(a) adopt and amend By-Laws and rules and regulations;

(b) adopt and amend budgets for revenues, expenditures, and reserves in accordance with the provisions of Section §47C-3-103(c), and collect assessments for common expenses from unit owners;

(c) hire and terminate managing agents and other employees, agents, and independent contractors;

(d) institute, defend, or intervene in its own name in litigation or administrative proceedings on matters affecting the condominiums;

(e) make contracts and incur liabilities;

(f) regulate the use, maintenance, repair, replacement, and modification of common elements;

(g) cause additional improvements to be made as a part of the common elements;

(h) acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, provided that common elements may be conveyed or subjected to a security interest only pursuant to North Carolina General Statutes, Section §47C-3-112;

(i) grant easements, leases, licenses, and concessions through or over the common elements.

(j) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than limited common elements described in North Carolina General Statutes, Section §47C-2-102(2) and (4) and for services provided to unit owners;

(k) impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines not to exceed one hundred fifty dollars (\$150.00) for violations of the Declaration, By-Laws, and rules and regulations of the Association;

(l) impose reasonable charges for the preparations and recordation of amendments to the Declaration, resale certificates required by North Carolina General Statutes, Section §47C-4-109, or statement of unpaid assessments;

(m) provide for the indemnification of and maintain liability insurance for its officers, Executive Board, Directors, employees and agents;

(n) assign its right to future income, including the right to receive common expense assessments, but only to the extent the Declaration expressly so provides;

(o) exercise all other powers that may be exercised in this State by legal entities of the same type as the Association; and

(p) exercise any other powers necessary and proper for the governance and operation of the Association.

Section 2. Duties: It shall be the duty of the Executive Board to:

(a) cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the members at the annual meeting of the unit owners, or at any special meeting when such statement is requested in writing by twenty (20%) per cent of the unit owners who are entitled to vote;

(b) supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

(c) assess common expenses and common expense liabilities as allocated in the Declaration;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the common elements to be maintained; and

(h) cause the exterior of the building to be maintained.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers: The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Executive Board, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers: The election of officers shall take place at the first meeting of the Executive Board following each annual meeting of the members.

Section 3. Term: The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal: Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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. Vacancies: A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices: The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this ARTICLE.

Section 8. Duties: The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Executive Board; shall see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association Books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X COMMITTEES

The Association shall appoint an Architectural Control Committee, and a Nomination Committee, and in addition, the Executive Board shall appoint other committees as deemed appropriate in carrying out its purpose. Each committee shall have such powers and responsibilities as the Board deems appropriate and as set forth in the resolutions creating such committee.

ARTICLE XI BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any unit owner. The Declaration, the Articles of Incorporation and the By-Laws of the Association, shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII
MAINTENANCE - ORDINARY REPAIR
ALTERATIONS TO COMMON AREAS BOOK 1516 PAGE 677

Section 1. By the Association: Except as specifically provided elsewhere in these By-Laws, the Association shall maintain, repair and replace at its expense all parts of the common elements whether located inside or outside of a unit, the cost of which shall be charged to the unit owners as a common expense. The Association shall have the irrevocable right, to be exercised by the Executive Board, or its agent, to have access to each unit from time to time during reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the common elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the common elements or to other units.

Section 2. By the Unit Owners: Each unit owner shall maintain, repair and replace at his expense all portions of his unit which becomes in need thereof, including all bathroom and kitchen fixtures, light fixtures, interior walls, carpeting, drapes and other items within the unit. Further, each unit owner shall, at his own expense, maintain, repair and replace, when necessary, the heating and air-conditioning systems and the power systems servicing the unit together with all limited common elements used therewith and as otherwise defined by the Act, and each unit owner shall, at his own expense, keep the limited common elements to which each unit has exclusive access clean and neat. All damages to the common elements intentionally or negligently caused by the unit owner, his family, guests, agents, servants, lessees, employees or contractors shall be promptly repaired by the subject unit owner. Provided, there is excluded from the provisions contained in this section such repairs necessitated by casualties insured against by the Association to the extent the Association receives insurance proceeds for such repairs. If the unit owner does not make those repairs to be repaired by him within thirty days from written demand by the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the unit owned by the subject unit owner.

Section 3. Restrictions on Unit Owners: No unit owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other unit owners, jeopardizes the soundness or safety of the condominium property or reduces the value thereof. The unit owner shall cause any work so performed or being performed on the unit, which in the sole opinion of the Executive Board violates the terms of this paragraph, to be immediately corrected and he shall refrain from recommencing or continuing any work so in violation without written consent of the Board. He shall not repair, alter, replace or move any of the common area located within his unit without the prior written consent of the Board. See ARTICLE XVII hereof relating to structural alterations of a unit by a unit owner.

Section 4. Duty to Report: Each unit owner shall promptly report to the Executive Board or its agent any defect or need for repairs or replacement the responsibility for which is that of the Association.

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Section 5. Alterations to Common Elements: The Executive Board is authorized as a common expense to make minor improvements to and alterations of the common elements. Provided, however, no major or structural improvements to or alterations of the common elements shall be made by the Executive Board beyond that required in ARTICLE VIII, Section 1 and ARTICLE IX, Section 8 and without first obtaining the approval of the unit owners by at least a sixty-seven (67%) per cent vote of the total votes of the unit owners.

Section 6. Approval of Payment Vouchers: All vouchers for payment of expenses incurred by the Association in the maintenance, repair, alteration and replacement of the common elements shall be approved in writing jointly by the President and Treasurer. In the absence or disability of the President, the Vice-President may perform the duties herein of the President as set forth herein and in like manner, the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer.

Notwithstanding the foregoing, the Executive Board may authorize any officer or member or committee or independent manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration and/or replacement of the common elements so long as the resolution granting such authority specifically limits the maximum amount which may be authorized by such officer, member, etc., on each occasion and so long as the subject resolution described the items of expense payment of which may be so authorized. Further, the unit owners shall be notified of the adoption of such resolution by the Executive Board as and when the same is adopted.

ARTICLE XIII

INSURANCE - REPAIR OF CASUALTY DAMAGES

Section 1. Authority to Purchase: The Executive Board shall have the authority to and shall obtain a master insurance policy upon the condominium property for the benefit of the Association, the unit owners and their mortgagees as their interests may appear, and provisions shall be made for the issue of certificates of mortgagee endorsements to the mortgagees of the unit owners. The original of such policy and endorsements thereto shall be deposited with the Association, as Insurance Trustee, and duplicates thereof shall be made available for observation and review upon request during normal office hours in the office of the Association for benefit of each unit owner, and shall be issued by the Association to each unit owner's

mortgagee, if any, upon request. Unit owners shall obtain insurance coverage at their own expense in addition to the master policy upon their own personal property and for their personal liability and living expense, in an amount of at least \$100,000.00 comprehensive owner's coverage, and may obtain any other type of insurance the unit owner deems appropriate.

Section 2. Coverage:

A. Casualty: The buildings and all other improvement upon the land and all personal property included in the common area shall be insured in an amount equal to eighty (80%) per cent of the maximum insurable replacement value (excluding land, foundation and excavation costs) as determined annually by the Executive Board. Such coverage shall afford protection against (1) loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and (2) such other risks as from time to time shall customarily be covered with respect to buildings similar in construction, location and use as the building, including but not limited to, vandalism and malicious mischief. Such insurance shall comply with provisions of Section §47C-3-113(d)(1) through (4).

B. Public Liability: The liabilities of the Association shall be insured in an amount of at least \$1,000,000.00 per casualty and in such further amounts as the Executive Board, from time to time, may deem appropriate, and each unit owner shall be named as an additional insured but only with respect to his liability arising out of the ownership, maintenance or repair of the common elements. Each unit owner, at his own expense, shall keep in force comprehensive personal liability insurance covering liability for damage to person or property of others located within such owner's unit, or another unit owner, or upon the common elements in such amounts as the Executive Board from time to time determines, but in no case less than \$100,000.00 for each occurrence.

C. Other: The Association shall obtain such other insurance coverages as the Executive Board determines from time to time to be desirable.

Section 3. Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

Section 4. Receipt of Proceeds - Insurance Trustee: All insurance policies purchased by the Executive Board shall be for the benefit of the Association, the unit owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association as Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes hereinafter stated and for the benefit of the unit owners and their mortgagees in the following shares:

A. Common Elements: Except as provided under subsection A of Section 5 hereinbelow, an undivided share of the proceeds received by the Association on account of damage to the common elements shall be held for each unit owner actually damaged thereby and said share shall be determined insofar as possible by applying the subject unit owner's allocated interest in the common elements, relative to the interest of each other unit owner so damaged.

B. Units: Proceeds received by the Association on account of damage to units shall be held in the following shares:

(1) When the building is to be restored, the proceeds shall be held for the unit owners of the damaged units in proportion to cost of repairing the damage suffered by each unit owner, which costs shall be determined by the Association.

(2) When the building is not to be restored, an undivided share in the proceeds shall be held for each unit owner, such share being the same as his allocated interest in the common elements.

C. Mortgagees: In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner, as their interest may appear; provided, that no mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

Section 5. Distribution of Proceeds: Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

A. Reconstruction of Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided in Section 8. All proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

B. Failure to Reconstruct or Repair: If it is determined as provided in Section 9 that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners as set forth in Section 9. Any remittances to unit owners and their mortgagees shall be paid jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

Section 6. Association as Agent: The Association is hereby irrevocably appointed agent for each unit owner and for each owner of a mortgage or other lien upon a unit and for each owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

Section 7. Waivers: All policies of physical damage insurance obtained by the Executive Board pursuant to this Section shall contain waivers of subrogation against unit owners, the Association and others having an interest in the condominium property. Such policies shall provide that the same may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the Association.

Section 8. Duty to Repair: In the event of damage to or destruction of the building as a result of fire or other casualty and the condominium property is not partitioned as provided in Section 9, the Executive Board shall arrange for the prompt repair and restoration of the building (including any damaged unit, but not including any wall, ceiling or floor decoration or coverings or other furniture, furnishings, fixtures or equipment in the unit, unless the subject insurance policy covers a portion or all of such loss to the unit, in which event the Association shall repair or replace such damage), and the Executive Board shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense.

Section 9. Partition: If the total cost of repairing the damages to the building exceeds two-thirds (2/3rds) of the total value of the building (excluding land value) immediately preceding the damage and there is a vote of at least eighty (80%) per cent of the votes in the Association not to proceed with repair or restoration, then and in that event the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among the unit owners in the proportion to their allocated interest in the common elements previously appurtenant to their units, after first paying off, out of the respective shares of the unit owners, to the extent sufficient for that purpose, all liens on the unit of each unit owner.

The determination of whether the repair cost "exceeds two-thirds (2/3rds)" of the value of the building for the purposes herein stated shall be determined by an appraisal (of the value of the building, excluding the land, as of the day immediately preceding the damage) obtained by the Executive Board from a licensed appraiser who is a member of the Hickory Board of Realtors or an M.A.I. appraiser, when compared to the cost of repairs and restoration as determined by the Executive Board.

ARTICLE XIV
ASSESSMENTS FOR COMMON EXPENSES - SURPLUS

Section 1. Annual Assessments: Not later than December 15th of each year the Executive Board shall give written notice to the unit owners of the annual assessment fixed against each unit for the immediately succeeding calendar year. In fixing the annual assessment for each calendar year, the Board shall first estimate the common expenses for such year and shall then estimate the cash required to meet such common expenses. In determining the cash requirement the Board shall include a reasonable reserve for contingencies and replacements and shall deduct any expected income and any surplus from the prior year's fund. The portion of such estimated cash requirement assessed against each unit shall be determined by the allocated interest for such unit. The failure of the Board to comply with the written notice requirement hereinabove provided shall not alter or invalidate any obligation of a unit owner, any right of the Association against such unit owner or any lien against a unit provided for in this Section. The first annual assessments, which shall be fixed by the initial Executive Board at its organization meeting, shall commence for each unit sold on the date declarant delivers the deed to said unit owner and on the first day of the month immediately following the delivery date of the first of such deeds for all units owned by declarant.

Section 2. Monthly Installments: The annual assessments shall be paid to the Association in equal monthly installments on or before the first day of each month during any assessment period.

Section 3. Special Assessments: If for any reason the annual assessments prove inadequate to pay the common expenses, the Board may levy special assessments at any time. The special assessments shall be fixed against the units according to the allocated interests and the period of the assessment and manner of payment shall be determined by the Board.

Section 4. Purpose of Assessments - Common Expenses: The annual and special assessment fixed and collected pursuant to this Section shall be used to pay the common expenses, including but not limited to all expenses, costs and charges incurred by the Association in connection with the administration, operation and management of the condominium property; the costs of maintenance, repair, replacement and restoration of the common elements, or any part thereof; the cost of all insurance obtained by the Executive Board pursuant to ARTICLE XIII of these By-Laws; the charges for utility services rendered to the Association; the purchase or lease of a unit by the Association as provided in ARTICLE XVI when and only when the required unit owner's vote is obtained as set forth therein; and any and all other expenses, costs or charges agreed upon as expenses by the Association or declared common expenses by the provisions of the Act, the Declaration or these By-Laws.

Section 5. Lien and Personal Obligation: Each assessment provided for in this Section, together with interest at the rate of eighteen (18%) per cent per annum from delinquent date (as established by the Executive Board) and collection costs including attorney fees, shall be a charge on and continuing lien upon the unit against which the assessment is made when a notice of such lien has been filed of record in the Office of the Clerk of Superior Court for Catawba County, North Carolina, in the manner provided by Article 8, Chapter 44 of the North Carolina General Statutes, provided such notice of lien shall not be removed until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Said notice of lien shall also secure all assessments against the unit becoming due thereafter until the lien has been satisfied. In addition, each unit owner shall be personally liable for any assessment against his unit coming due and payable while he is the owner of such unit. A grantee of a unit shall be jointly and severally liable with the grantor for all unpaid assessments against such unit due and owing at the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any grantee shall be entitled to a statement from the Executive Board setting forth the amount of the unpaid assessments against the grantor and such grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth.

Section 6. Effect of Nonpayment of Assessments - Remedies of the Association: If the assessments are not paid within thirty (30) days after the due date, the assessment shall bear interest from the delinquency date (as established by the Executive Board) at the rate of eighteen (18%) per cent per annum, and the Association may, in accordance with Article 2A of Chapter 45 of the General Statutes, foreclose its lien upon the unit against which the delinquent assessments were charged, in which event, interests, costs and attorneys fees equal to fifteen (15%) per cent of the principal amount shall be added to the amount of such assessments as may then be due. The Association, with written consent of all of the remaining unit owners, shall have the power to bid in any foreclosure sale of a unit and to acquire, hold, lease, mortgage and convey the same. No unit owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common elements or abandonment of his unit.

Section 7. Priority of Assessment Lien: The lien of the assessments provided for in this Section shall be prior and superior to all other liens except (a) ad valorem taxes, (b) all sums unpaid on deeds of trust, mortgages or other encumbrances recorded against the unit prior to the docketing of the assessment lien, and (c) materialmen's and mechanic's liens. The sale or transfer of any unit shall not affect the assessment against such unit. Provided, however, the sale of a unit

pursuant to the foreclosure sale or execution sale instituted by a superior lien holder shall extinguish the inferior assessment lien against the subject unit but no such sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any unit pursuant to a foreclosure or action instituted by a superior lien holder.

Section 8. Owner's Non-Use: No unit owner may exempt himself from liability for his contributions toward common expenses and his other obligations to the Association by waiver of the use or enjoyment of any portion of the common elements or by the abandonment or sale of his unit.

ARTICLE XV PROPERTY RIGHTS

Section 1. Units: Each unit, together with its allocated interest in the common elements, shall for all purposes constitute a separate parcel of real property. A unit owner shall be vested with exclusive fee simple ownership and possession of his unit which may be conveyed, transferred, leased, encumbered or devised in the same manner as any other real property subject only to the provisions of the condominium documents and the Act.

Section 2. Deeding a Unit: A unit shall be described in a deed or other instrument of conveyance by its unit designation. Such instrument shall recite the book and page numbers and date of recording the Declaration and these By-Laws; shall contain the description of the land described in ARTICLE II of the Declaration; shall state the use for which the unit is intended and the restrictions on its use; and shall recite the allocated interest in the common elements appurtenant to said unit. It shall further recite that the conveyance is made together with the benefits, rights and privileges stated in the condominium documents and subject to all duties and obligations set forth therein.

Section 3. Common Elements - Per Allocation: The unit owners shall own the common elements as tenants-in-common with each unit having appurtenant thereto the allocated interest in said common elements as set forth in EXHIBIT "B" attached to the Declaration. The allocated interests as presently allocated and as to be reallocated are set out in ARTICLE VIII of the Declaration.

Section 4. Inseparability of Allocated Interests: The allocated interest in the common elements cannot be separated from the unit to which it appertains and shall be automatically conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the deed or other instrument.

Section 5. No Partition: The common elements shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Act and these By-Laws.

Section 6. Use of Common Elements: The unit owners may use the common elements in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other unit owners. The Executive Board shall, if any question arises, determine the purpose for which a part of the common elements are intended to be used. The Board shall have the right to promulgate rules and regulations limiting the use of the common elements to unit owners and their guests as well as to provide for the exclusive use of a part of the common elements by a unit owner and his guests for special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee.

Section 7. Encroachments: If any portion of the common elements encroaches upon any unit or any unit encroaches upon any other unit or upon any portion of the common elements as a result of settling or shifting of a building, an easement for the encroachment and for the maintenance of the same shall exist so long as the building stands. If the building, the unit, any adjoining unit, or any adjoining part of the common elements, shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject building shall stand.

ARTICLE XVI AMENDMENTS

Section 1. Amendments: Subject to the provisions of ARTICLE XVIII of the Declaration, the By-Laws may be amended at any time by an instrument in writing signed and acknowledged by unit owners holding at least sixty-seven percent (67%) of the votes in the Association, which instrument shall be effective only upon recordation in the Catawba County Public Registry. Provided, however, where a larger vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in these By-Laws, no amendment of such By-Law shall be made unless and until the owners holding such larger percentage of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the condominium property shall be bound to abide by an amendment to these By-Laws upon the same being passed as provided herein and duly set forth in an amended declaration, duly recorded as provided herein.

ARTICLE XVII
MISCELLANEOUS

Section 1. Ad Valorem Taxes: Each unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each unit owner shall be liable solely for the amount of tax assessed against his unit and shall not be affected by the consequences resulting from the tax delinquency of other unit owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the common elements shall be listed for said taxes in the name of and paid by the Association.

Section 2. Severability: Invalidation of any covenant, conditions, restriction or provisions of the Declaration or these By-Laws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 3. Successors Bound: The rights, privileges, duties and responsibilities set forth in the condominium documents, as amended from time to time, shall run with the ownership of the condominium property and shall be binding upon all persons who own or hereafter acquire any interest in the condominium property.

Section 4. Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 5. Inspection: The Association shall have the right during reasonable hours to inspect each unit upon prior oral or written notice to the occupant of said unit. This right of inspection shall not be abused and shall only be exercised where the same is necessary for the Association to carry out its duties and responsibilities as set forth in the By-Laws and Regulations.

Section 6. Management by Declarant: The overall management and operation of the project shall, at the declarant's option, be under its exclusive control pursuant to the provisions of the Declaration until such management and operation shall become the responsibility of the Association as set forth herein. Provided, however, that at the declarant's option, the overall management and operation of the project shall become the responsibility of the Association, in accordance with these By-Laws, at any time prior to such time. Until such time as overall management and operation shall cease to be under declarant's control declarant shall have the right, among other things, to lease any unsold units on terms which it may deem appropriate, in its direction.

Section 7. Working Capital: A working capital fund for the initial project operation will be collected from each member of the Unit Owner's Association upon the members joining the

Association, such contributions shall equal two (2) months of the annual assessment.

Section 8. Notice of Default: The Association shall provide the holders of the mortgage prompt notice of any default by any member on its assessment, if such default is not cured within thirty (30) days of default.

Section 9. Fidelity Bond: A fidelity bond will be provided for any person or persons handling the funds of the association, including any employee of any professional manager.

Section 10. Notice of Loss: The Association shall give all first mortgagees notice in writing of any loss to or taking of common elements in excess of TEN THOUSAND (\$10,000.00) DOLLARS, upon the Association's knowledge of such loss.

Section 11. Payment of Overdue Taxes: The first mortgagee of any of the units or lots may pay any overdue taxes or insurance premiums due on the property if payments become overdue and such mortgagee shall be immediately reimbursed by the Association for such payment.

Section 12. Liability Insurance: The Association will provide liability insurance for all Common Area, and provide fire and extended coverage on any of the Common property owned by the Association based on a current replacement basis of not less than one hundred (100%) per cent of the insurable value, and such premiums for these insurances shall be considered a common expense of the Association and part of the annual assessment.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Eastover Condominiums Owner's Association, Inc.

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 14th day of July, 1987.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 14th day of July, 1987.

H. Andre Teague
Secretary

STATE OF NORTH CAROLINA

COUNTY OF CATAWBA

I, Carolyn R. Sigmon, a notary public in and for said County and State, do hereby certify that H. Andre Teague personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official seal, this ___ day of July, 1987.

Carolyn R. Sigmon
Notary Public

(SEAL)

My Commission Expires: 8-04-91

STATE OF NORTH CAROLINA

COUNTY OF CATAWBA

The foregoing certificate of _____ is certified to be correct. This instrument was presented for registration this ___ day of _____, 1987, at _____ A.M., P.M., and duly recorded in the Office of the Register of Deeds of Catawba County, North Carolina, in Book _____ at Page _____.

This ___ day of _____, 1987.

Register of Deeds