

BYLAWS
OF
EVERWOOD
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
NAME, PRINCIPAL OFFICE AND DEFINITIONS

Section 1. Name. The name of the corporation shall be Everwood Property Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the corporation shall be located in the County of Chatham, North Carolina, but meetings of Members and Directors may be held at such places within the State of North Carolina, County of Durham, as may be designated by the Board.

Section 3. Definitions. Defined terms in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Everwood (the Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration") unless otherwise defined herein.

ARTICLE II
MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Officers as may be designated by the Board either within the Property or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting shall be held at a date and time as set by the Board.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Members representing at least twenty-five percent (25%) of the total votes of the Association. The notice of any special meeting

shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written notice stating the place, day and hour of any meeting shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the record of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of any meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting either before or after such meeting. Attendance at a meeting by a Member or his designated alternate shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by alternate, may adjourn a meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for convening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that members or their alternates representing at least twenty-five percent (25%) of the total votes of the Association remain present, and provided further that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. At all meetings of Members, each Member may vote in person, by

designated alternate or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit. A Member may designate a personal representative, or alternate, to vote for the member at any meeting of the Association. Notice of such designation shall be given in writing to the Secretary of the Association and shall be effective until revoked by the Member in writing or personally. Such designation shall also automatically cease upon conveyance by the Member of his Unit.

Section 10. Majority. As used in these Bylaws, the term "majority" shall mean more than fifty percent (50%) of the total number of persons or things of which a majority is required.

Section 11. Quorum. Except as otherwise provided in the Bylaws or in the Declaration, the presence in person, by proxy or by alternate of Members representing one-third (1/3) of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Association, or any action which may be taken at a meeting of the Association, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

ARTICLE III NUMBER, SELECTION AND VETO

Section 1. Governing Body: Composition. The affairs of this Association shall be governed by a Board of Directors, each of whom shall have one vote. Except as provided in Section 3 of this Article, the Directors shall be Members of the Association.

Section 2. Number of Directors. The number of Directors in the Association shall be not less than three (3) nor more than seven (7), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three (3) members.

Section 3. Directors During Declarant Control. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant during the period of Declarant Control, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents. After the Declarant's right to select Directors has terminated, all Directors must be Members of the Association.

Section 4. Nomination. After the Declarant's right to select Directors has terminated, nomination for election to the Board of Directors 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 Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, 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 from election to the Board of Directors as is shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 5. Election. After the Declarant's right to select Directors has terminated, election to the Board of Directors shall be by secret written ballot. At such election the Members; and their alternates 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.

Section 6. Veto. From the termination date of the period of Declarant Control, the Declarant shall have a veto power over all actions of the Board as more fully provided in this Section. This power shall expire when the Declarant no longer owns any land described in Exhibit A to the Declaration or December 31, 2006, whichever occurs first, unless earlier surrendered. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors or Modifications Committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions to be approved at such meetings of the Board by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board meetings with Article IV, Sections 1,2, and 3 of these Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Association. Declarant and its representatives or agents shall make its concerns, thoughts and suggestions known to the Members of the Association and/or the Board. Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board and to be taken by the Board or the Association or any individual Member if Board or Association approval is necessary for said action. This veto may be exercised by Declarant, its representatives or agents at any time with ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto power shall not extend to the requiring of any action or counteraction on behalf of the Board or Association.

This Section 6 may not be amended without the express, written consent of the Declarant until Declarant no longer owns any land described in Exhibit A to the Declaration or until December

31, 2006, whichever first occurs.

ARTICLE IV MEETINGS OF DIRECTORS

Section 1. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the Members shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Board.

Section 2. Regular Meetings. Regular meetings of the Board 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 four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated 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 3. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President, Vice President, Treasurer or Secretary of the Association, or by at least two Directors. 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; (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) 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 (d) by telegram, charges prepaid. All such notices shall be given at the Director's telephone number or sent not the Director's address as shown on the record 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 deliver, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 4. Waiver of Notice. The transactions of any meetings of the Board, 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 (a) a quorum is present, and (b) 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 protesting before or at its commencement about the lack of adequate notice.

Section 5. Quorum of Board of Directors. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and 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. 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 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 not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 6. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total vote of the Association at a regular or special meeting of the Association.

Section 7. Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of the Boards, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings.

Section 8. Open Meetings. Subject to the provisions of Section 9 of this Article, all meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 9. Action Without A Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may 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.

ARTICLE V POWERS AND DUTIES OF THE BOARD

Section 1. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, the articles of incorporation of the Association (the "Articles") or these Bylaws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one of its Members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager of the Project, if any, which might arise between meetings of the Board.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board shall be responsible for and shall have the power to do the following, by way of explanation, but no limitation:

(a) adopt and publish rules and regulation governing the use of the Common Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60

days, for infraction of published rules and regulations;

(c) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(d) prepare and adopt annual budgets in which there shall be established the annual assessments of each Member;

(e) make assessments to defray the common expenses of the Association (the "Common Expenses"), establish the means and methods of collecting such assessments and establish the period of the installment payments of the annual assessment; provided, that unless otherwise determined by the Board, the annual assessment for each Unit's proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(f) provide for the operation, care, upkeep, and maintenance of all of the Common Area, exterior and structural components of the Units and other property the Association has responsibility for;

(g) designate, hire, and dismiss the personnel necessary for the maintenance, operation, repair, and replacement of the Common Area, exterior and structural components of the Units and other property the Association has responsibility for, and where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(h) collect the assessments, deposit the proceeds thereof in a depository which it shall approve and use the proceeds to administer the Association;

(i) open bank accounts on behalf of the Association and designate the signatories required;

(j) make or contract for the making of repairs, additions and improvements to or alterations of the Common Area and maintenance and repair of the Units in accordance with the provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(k) enforce by legal means the provisions of the Declaration, these Bylaws and the rules and regulations adopted by it and bring any proceedings which may be instituted on behalf of or against the Members or any Unit occupants concerning the Association;

(l) obtain and carry insurance against casualties and liabilities as provided in the Declaration and pay the premium cost thereof;

(m) keep books with detailed accounts of the receipts and expenditures affecting

the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The books and the vouchers accrediting the entries thereupon shall be available for examination by the Members and the holders, insurers, and guarantors of a Mortgage on any Unit, or their duly authorized agents, accountants or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board for the general knowledge of the Members;

(n) make available to any prospective purchaser of a Unit, any Member and the holders, insurers, and guarantors of a Mortgage on any Unit, current copies of the Declaration, the Articles, the Bylaws, rules governing the Units and the Common Areas and all the other books, records and financial statements of the Association;

(o) permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Property;

(p) issue, or to cause an appropriate officer to issue, 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; and

(q) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote.

Section 2. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (a), (b), (c), (d), (e), (i), and (k) of Section 1 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

Section 3. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Area, the exterior and structural components of the Units and other property the Association has responsibility for without the approval of the Members of the Association; provided, however, the Board shall obtain approval of a majority of each class of Members for borrowings in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or

would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 4. Rights of the Association. With respect to the Common Areas or other Association responsibilities owed, in accordance with the Articles of Incorporation and Bylaws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with condominiums, cooperatives or neighborhood and other homeowners or residents associations, both within and without the Property. Such agreements shall require the consent of two-thirds (2/3) of all Directors of the Association.

Section 5. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Member, and to suspend a Member's right to vote or to use the Common Areas for violation of any duty imposed under the Declaration, these Bylaws or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Declaration, Bylaws or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Member shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) **Notice.** Prior to imposition of any sanction hereunder, the Board 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 to the Board 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.

(b) **Hearing.** If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, 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 decision of the Board after hearing shall be final.

(c) **Additional Enforcement Rights.** Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the

Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations, as provided below) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Member or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE VI OFFICERS

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Vice President shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board for the unexpired portion of the term.

Section 3. Powers and Duties. The officers of the Association shall each have powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent or both.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time 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 5. Duties. The duties of the officers are as follows:

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

(b) **Vice-President:** 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.

(c) **Secretary:** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate 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.

(d) **Treasurer:** The Treasurer shall receive and deposit in appropriate accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at the regular annual meeting and deliver a copy of each to the Members.

ARTICLE VII COMMITTEES

The Association shall appoint an architectural review committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board.

ARTICLE VIII BOOKS AND RECORDS

Section 1. Inspection by Members and Mortgages. The Declaration, Bylaws, membership register, books of account and minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any Member of the Association, or by his or her duly appointed representative, or by the holder, guarantor or insurer of any first mortgage secured by any Unit in the Project at any reasonable time and for any purpose reasonably related to his or her interest as a Member or in the Unit in the Project at any reasonable time and for any purpose reasonably related to his or her interest as a Member or in the Unit at the office of the Association or at such other place within the Property as the Board shall prescribe.

Section 2. Rules for Inspection. The Board shall establish reasonable rules with respect to:

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

Section 3. 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 extracts and a copy of relevant documents at the expense of the Association.

ARTICLE IX ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Member personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit.

ARTICLE X MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles, the Declaration or these Bylaws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law, the Declaration, the Articles and these Bylaws, then the provisions of North Carolina law, the Declaration, the Articles, and the Bylaws (in that order) shall prevail.

Section 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:

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 the Unit of such Member; or

if to the Association, the Board of Directors or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be

designated by the notice in writing to the Members pursuant to this Section.

ARTICLE XI CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:
EVERWOOD PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE XII

Section 1. These Bylaws may be amended, at a regular or special meeting of the Board of Directors, by a vote of a majority of a quorum of the Directors present in person or by proxy, subject to the provisions of Section 2, provided that such amendment has no adverse effect on the right of any Member. Otherwise, the Bylaws may be amended, at a regular or special meeting of the Members, only by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. Prior to the sale of the first Unit, Declarant, in its sole discretion, may amend these Bylaws. After such sale, the Declarant may amend these Bylaws so long as it still owns any portion of the property described in Exhibit A to the Declaration for development as part of the Property and so long as the amendment has no material adverse effect upon any right of any Member; thereafter and otherwise, these Bylaws may be amended only by the affirmative vote (in person or by alternate) or written consent of Members representing a majority of the total votes of the Association, including a majority of votes other than votes of the Declarant. However, the percentage of affirmative votes required for action to be taken under that clause. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Any amendment must be recorded in the public records of Durham, County, North Carolina.