

State of North Carolina

Department
of the
Secretary of State

FOR *Expenditure* OF THIS DOCUMENT
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To all to whom these presents shall come, Greeting:

I, Thad Eure, *Secretary of State of the State of North Carolina*, do hereby certify the following and hereto attached (4 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

CEDAR COURT UNIT OWNERSHIP ASSOCIATION

and the probates thereon, the original of which was filed in this office on the 2nd day of November 19 82, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 2nd day of November in the year of our Lord 19 82.



[Signature]
Secretary of State
[Signature]
By Deputy Secretary of State

308008

ARTICLES OF INCORPORATION
OF
CEDAR COURT UNIT OWNERSHIP ASSOCIATION

The undersigned, being of the age of eighteen (18) years or more does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of the law of the State of North Carolina.

1. The name of the corporation is Cedar Court Unit Ownership Association.
2. The period of duration of the corporation shall be perpetual.
3. The purpose or purposes for which the corporation is organized are:
 - a. To provide for maintenance, preservation and architectural control of the condominium units and common area within that certain tract of property described in EXHIBIT A, which is attached hereto and incorporated by reference as if fully set out herein.
 - b. To promote the health, safety and welfare of the condominium units within the property described in EXHIBIT A attached hereto and made a part hereof and any additions thereto as may hereafter be brought within the jurisdiction of this association.
 - c. To exercise all the powers and privileges and to perform all the duties and obligations of the association as set forth in that certain declaration of unit ownership and of covenants, conditions and restrictions, hereinafter called "Declaration", applicable to the property and recorded in the Office of the Register of Deeds of Orange County in Book 346, at Pages 596-612, and as set forth in those certain by-laws of Cedar Court Unit Ownership Association, hereinafter called "By-Laws" and recorded in the Office of the Register of Deeds of Orange County in Book 346, at Pages 613-634, and as the same may be amended from time to time as therein provided, said declaration and by-laws being incorporated by reference as if fully set forth herein.
 - d. To fix, levy, collect and enforce payment by lawful means all charges or assessments pursuant to the terms of the "Declaration" and "By-Laws", to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the association including all licenses, taxes or governmental charges levied or imposed against the property of the association.
 - e. To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property owned by the association in connection with the affairs of the association.

Secretary of State Filing

Per County

f. To borrow money and with the assent of two-thirds (2/3) of the members, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

g. To participate in mergers and consolidations with other non-profit corporations organized for the same purpose or to annex additional residential property and common area, provided that such merger, consolidation or annexation shall comply with the terms of the "Declaration" and the "By-Laws".

h. To have and to exercise any and all powers, rights and privileges which a corporation organized under the non-profit corporation laws of the State of North Carolina by law may now have or hereafter acquire or exercise.

4. The corporation shall have members and every owner of a unit which is subject to the "Declaration" and "By-Laws" shall be a member of the association. Membership shall be appurtenant to and may not be separated from ownership of any unit which is subject to the "Declaration" and "By-Laws". Members shall be entitled to one vote for each unit owned.

5. The directors of the corporation shall be elected or appointed in the manner and for the terms provided in the "By-Laws".

6. 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 its liabilities and obligations have been discharged or adequate provision made therefore, be distributed to any association or associations organized for the purposes similar to those set forth in Article 3 above and as more particularly provided in the "By-Laws" of the corporation.

7. The address of the initial registered office of the corporation in the State of North Carolina is 910 Airport Road, Chapel Hill, Orange County, North Carolina; and the name of its initial registered agent at such address is Wm. Griffin Graves, III

8. The number of directors constituting the initial board of directors shall be three and the names and addresses of the persons who are to serve as the initial directors are as follows:

Robert H. Oakes, Sr. 112 Fidelity Street
Carrboro, North Carolina 27510

Robert H. Oakes, Jr. 836 Kenmore Road
Chapel Hill, North Carolina
27514

Wm. Griffin Graves, III 910 Airport Road
Chapel Hill, North Carolina
27514

9. The name and address of the incorporator is Wm. Griffin Graves, III, 910 Airport Road, Chapel Hill, North Carolina 27514.

IN WITNESS WHEREOF, I have hereunto set my hand, this
the 1ST day of November, 1982.

Wm. Griffin Graves, III
WM. GRIFFIN GRAVES, III

NORTH CAROLINA
Orange COUNTY

I, Susan S. Patton, a Notary Public,
hereby certify that WM. GRIFFIN GRAVES, III personally appeared
before me this day and acknowledged the due execution of the
foregoing Articles of Incorporation for the purposes therein
expressed.

Witness my hand and notarial seal, this the 1ST day
of November, 1982.

Susan S. Patton
Notary Public

My commission expires:
February 1, 1986

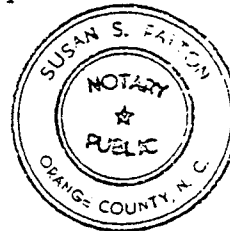


EXHIBIT A

ALL that certain lot or parcel of land situated, lying and being in the Town of Carrboro, Township of Chapel Hill, County of Orange, State of North Carolina, and more particularly described as follows: BEGINNING at a nail in the center line of Greensboro Street, which nail is located South $20^{\circ} 16'$ West 154.11 feet from a nail in the point of intersection of the center line of Pleasant Drive with the center line of Greensboro Street; running thence from said beginning point North $75^{\circ} 07'$ East 31.40 feet to an iron stake; thence continuing North $75^{\circ} 07'$ East 656.73 feet to an iron stake with two stone markers, said iron stake being in the Western edge of the Southern Railway right of way; running thence with the Western edge of the Southern Railway right of way South $16^{\circ} 11'$ West 340.56 feet to a concrete monument; running thence North $89^{\circ} 58'$ West 30.02 feet to a nail in the center line of Greensboro Street; running thence with the center line of Greensboro Street North $20^{\circ} 16'$ East 149.98 feet to the point of beginning, containing 3.295 acres, more or less, inclusive thereof, prepared by Claude L. Whitfield, Licensed Engineer.

Prepared by and return to Bagwell & Holt, PA

AMENDMENT TO DECLARATION OF CEDAR COURT CONDOMINIUM

This Amendment is made on July 30, 1998, by Cedar Court Unit Ownership Association, a North Carolina non-profit corporation, hereinafter referred to as "the Association." The Association, by and through its authorized officers, states and declares as follows:

A. The membership of the Association consists of all of the owners of any fee interest in any portion of that 3.295 acre \pm acre tract of real estate located in the Town of Carrboro, Orange County, North Carolina, more particularly described in Exhibit A attached hereto and incorporated herein, and hereinafter referred to as "the Property." The Property was previously converted into a condominium by that instrument entitled "Cedar Court Declaration of Unit Ownership Under the Provisions of Chapter 47A of the General Statute of North Carolina, and of Covenants, Conditions and Restrictions," of record at Book 346 Page 596, Orange County Registry, and hereinafter referred to as "the Original Declaration." Ownership of a fee interest in a unit of the condominium is the sole qualification for membership in the Association, and membership is appurtenant to and may not be separated from such ownership.

B. The Association desires to amend the Original Declaration as provided herein. The execution and recording of this Amendment was authorized by the affirmative vote of forty (40) units of Cedar Court Condominium, cast in person or by proxy at a meeting of members of the Association duly held in accordance with the Bylaws of the Association on July 29, 1998. A copy of the record of that vote, certified by the Secretary of the Association, is attached hereto as Exhibit B and incorporated herein. Forty (40) of the units of the condominium constitute eighty percent (80%) of the total of fee interests in the condominium.

THEREFORE, pursuant to Section 18 of the Original Declaration, the Association hereby amends the Original Declaration by deleting sections 1 through 22, inclusive, of the Original Declaration in their entirety, which provisions of the Original Declaration shall be of no further force and effect, and substituting therefor the following provisions, which shall henceforth be binding upon all owners of any unit of the condominium and their lessees, guests, mortgagees, heirs, executors, administrators, successors and assigns:

1. Definitions. The definitions set forth in N.C.G.S. §47C-1-103 shall apply to this Declaration and are incorporated herein, except that the terms listed below shall have the specific meanings stated:

(a) "Association" shall mean Cedar Court Unit Ownership Association, a North Carolina nonprofit corporation, its successors and assigns.

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This document is re-executed and rerecorded to correct an error in its original execution.

C. Kenneth Bagwell, Jr.

(b) "Declaration" shall mean the Original Declaration, as amended by the Amendment to Declaration of Cedar Court Condominium.

2. Name. The name of the condominium created by the Declaration is "Cedar Court Condominium."

3. Description of Buildings. There are seven (7) buildings located on the Property, designated Buildings A through G. Each building is two (2) stories in height, built without basement on cinder block foundation over crawlspace. The exterior of each building is brick veneer. The locations, dimensions and designations of the buildings are shown by that Site Grading and Utility Plan of record at Plat Book 32 Page 126, Orange County Registry, which Site Grading and Utility Plan is incorporated herein. The elevations of the buildings are shown by those Elevations of record at Plat Book 32 Page 129, Orange County Registry, which Elevations are incorporated herein. Building A contains eight (8) units, designated Units 1 through 8. Building B contains eight (8) units, designated Units 9 through 16. Building C contains eight (8) units, designated Units 17 through 24. Building D contains six (6) units, designated Units 25 through 30. Building E contains four (4) units, designated Units 31 through 34, and the following common elements: laundry room, storage area, men's toilet, women's toilet and a one-bedroom, second-floor apartment (see Section 7 below for a location and description of these common elements). Building F contains eight (8) units, designated Units 35 through 42. Building G contains eight (8) units, designated Units 43 through 50.

4. Description of Units. There are fifty (50) units of the condominium, designated Units 1 through 50. The designation and location of each unit are shown by the recorded Site Grading and Utility Plan. Each unit is a two-story townhouse. The dimensions and floor plans of each unit are depicted by those Floor Plans of record at Plat Book 32 Page 128, Orange County Registry, which Floor Plans are incorporated herein (see engineer's note on the Floor Plans regarding reversal of the plans for certain units).

5. Boundaries of Units. The vertical boundaries of each unit are the exterior surface of the roof above the unit and the surface of the ground beneath the unit. The horizontal boundaries of each unit are the exterior surfaces of all exterior walls, including walls enclosing attached storage area, and the centerlines of all party walls.

6. Limited Common Elements. In determining whether materials or items are limited common elements and how they should be allocated, the terms and provisions of N.C.G.S. §47C-2-102 shall apply, and are incorporated herein. In addition, any part of a heating, ventilation and air conditioning system exclusively serving a unit that is located outside of the boundaries of the unit is a limited common element to be allocated exclusively to that unit.

7. Common Elements. The common elements of the condominium are all portions of the condominium other than the units, including limited common elements. The common elements of Cedar Court Condominium include a swimming pool, the location of which is shown by the recorded Site Grading and Utility Plan, and the storage area, laundry room, men's toilet,

women's toilet, and one-bedroom apartment contained in Building E. The dimensions and floor plans of the common elements contained in Building E are shown by those Floor Plans of record at Plat Book 32 Page 127, Orange County Registry, which Floor Plans are incorporated herein by this reference. The common elements of the condominium shall be used for residential purposes only. The Association shall promulgate written Rules and Regulations regarding the use of the common elements, which shall be binding on all unit owners, their lessees and guests.

8. Allocated Interests. The undivided interests in the common elements, the common expense liability and votes in the Association (collectively, "the allocated interests") are to be allocated among all units equally on a per unit basis. The allocation of interests and obligations among the units is two percent (2.00%) per unit.

9. Cedar Court Unit Ownership Association. Every unit owner shall be a member of the Association. Ownership of a fee interest in a unit shall be the sole qualification for membership, and membership shall be appurtenant to and shall not be separated from such ownership. The basic purposes and duties of the Association shall be to manage the condominium pursuant to the terms and provisions of Article 3 of Chapter 47C of the North Carolina General Statutes, this Declaration, any Bylaws promulgated by the Association and any Rules and Regulations promulgated by the Association or its executive board; and to promote and to protect the enjoyment and beneficial use and ownership of the units. The Association shall have all of the powers stated in N.C.G.S. §47C-3-102, the terms and provisions of which are incorporated herein. The Association shall also have the power to enforce in its own name the terms and provisions of the Declaration, any bylaws promulgated by the Association and any rules and regulations promulgated by the Association. In addition, the Association shall have the power to:

- (a) Adopt and amend bylaws and rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves 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 condominium;
- (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 G.S. 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 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, bylaws, and rules and regulations of the Association;
- (l) Impose reasonable charges for the preparation and recordation of amendments to the declaration, resale certificates or statements of unpaid assessments;
- (m) Provide for the indemnification of and maintain liability insurance for its officers, executive board, directors, employees and agents;
- (n) Exercise all other powers that may be exercised in North Carolina by a nonprofit corporation; and
- (o) Exercise any other powers necessary and proper for the governance and operation of the Association.

The Board of Directors of the Association may act on behalf of the Association as provided by N.C.G.S. §47C-3-103, the terms and provisions of which are incorporated herein.

10. Restrictions on Use. All units shall be subject to the following restrictions on use:

(a) Each unit shall be used for residential purposes only. No commercial activities shall be conducted in or from any unit, except home occupations that do not generate substantially increased vehicular traffic or parking on or over common elements and that do not involve or generate any other use whatsoever of any of the common elements, any increased consumption of any general services provided to the condominium and paid for by the Association (such as water or trash removal) or any increase in premiums charged for the insurance coverage described in Section 13 below.

(b)* No unsightly or unkept condition shall be allowed on, about or with regard to any unit. All trash and garbage shall be disposed of as provided by rules and regulations promulgated by the Association.

(c) Noxious, offensive or loud activities shall not be conducted within any unit. Each unit owner shall refrain from any use of his or her unit which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other unit owner or occupant.

(d) All governmental codes, regulations and ordinances applicable to a unit shall be observed.

(e) No unit may be subdivided.

(f) No animals, birds or reptiles may be kept within any unit, except that a limited number of dogs, cats, birds, turtles and fish may be kept in a unit under reasonable conditions of control and sanitation, provided that they do not become a nuisance to the occupants of other units, and provided that they are not kept, bred or maintained for any commercial purpose. Pets shall not be permitted to range the common elements, and dogs shall be kept on leashes when not within the units of their owners.

(g) No unit shall be used for hotel or other transient residential purposes. Every lease relating to any unit must be in writing, must be for a term of at least ninety (90) days and must provide that the tenant is obligated to observe all applicable terms and provisions of the Declaration, the Bylaws of the Association and any Rules and Regulations promulgated by the Association.

(h) No sign shall be exhibited on or from any unit, except such "For Sale" or "For Lease" signs as may be approved by rules and regulations promulgated by the Association.

(i) The maximum number of occupants of any one unit shall be five (5), regardless of the age of any of the occupants. No more than three (3) persons who are unrelated to each other by blood, marriage or adoption shall occupy any one unit at any one time.

11. Maintenance. The Association shall maintain all of the common elements of the condominium, including the limited common elements, with the exception of any parts of a heating, ventilation and air conditioning system exclusively serving a unit. All parts of a heating, ventilation and air conditioning system exclusively serving a unit shall be maintained by the owners of that unit. The Association shall also maintain the exterior surfaces of all of the seven (7) buildings of the condominium. Such exterior maintenance shall include painting and the care, repair and/or replacement of roofs, gutters, downspouts, exterior doors (except storm doors), stoops, patios, porches, columns, doorsteps, shutters and all other exterior surfaces of the buildings except windows. The cost of all maintenance required to be performed by the Association hereunder shall be a common expense, except that the cost of any maintenance required as a result of the willful or negligent act or omission of any unit owner(s), their lessees, guests, family, invitees, agents or contractors shall be assessed only against the unit of such unit owner(s) as a Reimbursement Assessment (see Section 12 below), but only to the extent such cost is not covered by insurance required to be carried by the Association pursuant to Section 13 below. Except as provided by this Section 11, each unit owner shall be responsible for the maintenance of his/her individual unit. Each unit owner shall afford to the Association access through his/her unit reasonably necessary for the Association to meet its maintenance responsibilities described in this Section.

12. Assessments. The Association shall have the power to assess the units as follows:

(a) Regular Assessments. The Association shall establish an adequate reserve fund to cover all common expenses. The Association shall charge each unit on a quarterly or monthly basis (as determined by its Board of Directors) a Regular Assessment as its share of the common expenses and its contribution to the reserve fund.

(b) Special Assessments. In addition to the Regular Assessments authorized in subsection (a) above, the Association may charge each unit, in any fiscal year of the Association, a Special Assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction of a capital improvement upon and to any part of the common elements, including fixtures and personal property related thereto; provided that any such Special Assessment must be approved by the affirmative vote of at least two-thirds (2/3) of all units existing at the time of the vote, cast in person or by proxy at a meeting duly held in accordance with the bylaws of the Association. If authorized by the Association, Special Assessments may be paid by unit owners in monthly or quarterly installments, as determined by the Board of Directors of the Association.

(c) Rates of Regular and Special Assessments. Regular and Special Assessments shall be assessed against all units equally on a per unit basis.

(d) Reimbursement Assessment. The Association may charge a Reimbursement Assessment against a particular unit or units as provided by Section 11 above.

(e) Assessments for Fines. The Association may assess individual units for any fines owed to the Association by the owner(s) of the unit for violations of the Declaration or any bylaws or rules and regulations promulgated by the Association. Any such fine shall not exceed One Hundred Fifty Dollars (\$150.00) per occurrence.

(f) Certificates of Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association stating whether all assessments against a specified unit have been paid. A properly executed certificate of the Association as to the status of assessments against a unit shall be binding upon the Association as of the date of its issuance.

(g) Payment and Collection of Assessments. Each of the applicable assessments described above, together with interest thereon and the costs of collection thereof, including reasonable attorney's fees, and together with late fees, if any, shall be a lien upon each unit and the personal obligation of all of the owners of such unit. Assessments shall be paid in such manner and on such dates as the Board of Directors of the Association may establish, which may include discounts for early payment, reasonable late fees for late payment and special requirements for unit owners with a history of late payment. No unit owner may exempt himself from liability for assessments by non-use of common elements, abandonment of his unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each unit owner. No diminution or abatement of assessments or set-off shall be claimed

or allowed for any alleged failure of the Association to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action taken by the Association. Any assessment against any unit which remains unpaid for a period of thirty (30) days after delivery of a request for payment thereof shall be past due, and interest shall accrue on any unpaid amount from the date that it became past due at the rate of twelve percent (12.00%) per annum. The Association shall have the power to take whatever action is necessary, at law or in equity, to collect any past due assessment, together with interest, late fees and costs of collection, including reasonable attorney's fees. When an assessment becomes past due, the lien created hereunder may be filed by the Association against the delinquent unit owner in the office of the Clerk of Superior Court of Orange County. The lien may be foreclosed by the Association in like manner as a mortgage on real estate under power of sale pursuant to Article 2A of Chapter 45 of the North Carolina General Statutes.

(h) Subordination of Lien to First Mortgages. The lien created by subsection (g) above shall be subordinate to the lien of any first mortgage. Sale or transfer of any unit shall not affect the lien of any assessment, except that the sale or transfer of any unit pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of any assessment against the unit that first became due prior to such sale or transfer.

13. Insurance. The Association shall purchase, maintain in force and administer insurance coverage as provided by N.C.G.S. §47C-3-113, the terms and provisions of which are incorporated herein. In addition, the Association shall meet the following requirements regarding insurance:

(a) Property Insurance. All seven (7) buildings of the condominium (which include all of the units of the condominium) and all common elements of the condominium (including all limited common elements), except land, excavations, foundations and other items normally excluded by property insurance policies, shall be insured by the Association in an amount equal to at least one hundred percent (100%) of their insurable replacement value as determined annually by the Association, with the assistance of the insurance company underwriting the coverage. The coverage shall provide for replacement of all components of the seven (7) buildings of the condominium, including but not limited to interior walls, floors and ceilings. The coverage shall provide protection against loss or damage by fire and other hazards or risks covered by a standard extended coverage endorsement.

(b) Liability Insurance. The Association shall acquire and maintain in full force and effect a policy of insurance which insures the Association against any liability arising out of the use, ownership, maintenance and control of the common elements and any public rights-of-way within the Property, with limits of liability therefor of not less than One Million Dollars (\$1,000,000.00) per occurrence, which policy shall include an endorsement to cover liability of the Association to a single unit owner.

(c) Other Insurance. There shall also be obtained such other insurance coverage as the Association shall from time to time determine to be desirable and necessary or as may be required by the Federal Housing Administration, Veterans Administration or Federal National Mortgage Association.

(d) Waiver of Subrogation. All policies of insurance required to be carried hereunder shall contain waivers of subrogation.

(e) Qualifications of Insurance Carriers. The Association shall obtain the insurance coverages specified herein only from carriers licensed and admitted to transact business in North Carolina and which have received an A- or better rating by the latest edition of A.M. Best's Insurance Rating Service.

(f) Proceeds. All contracts of property insurance purchased by the Association shall be for the benefit of all of the unit owners and their mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association or its authorized representative as insurance trustee under the Declaration. Each unit owner and his mortgagee, if any, shall be beneficiaries of each insurance policy in the percentage of the unit owner's undivided interest in the condominium. The sole duty of the Association or its authorized representative as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein. Subject to the provisions of N.C.G.S. §47C-3-113, proceeds of insurance received by the insurance trustee shall be distributed to or for the benefit of the beneficiaries in the following manner:

(i) Proceeds shall first be paid to cover the cost of reconstruction and repair of any damage covered;

(ii) Proceeds shall then be paid to the trustee to reimburse it for costs reasonably incurred in discharging its duties as trustee; and

(iii) Any remaining proceeds shall then be distributed to the beneficiary or beneficiaries of the trust, as their interests may appear.

The cost of all insurance coverage maintained by the Association shall be a common expense. Individual unit owners may purchase insurance to cover their personal property, potential personal liability and such other matters as they may deem advisable.

14. Party Walls. Except as provided in this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to party walls shared by unit owners.

The following rules and principles shall also apply to party walls:

- (a) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the unit owners who make use of the wall or benefit therefrom in proportion to such use and benefit.
- (b) Weatherproofing. Notwithstanding any other provision of this Section, a unit owner who, by his negligence or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.
- (c) Right to Contribution Runs with Land. The right of any unit owner to contribution from any other unit owner under this Section shall be appurtenant to the unit of the owner due the contribution and shall run with such unit, and the obligation of any unit owner to pay such contribution shall be an encumbrance against his unit and shall run with his unit.
- (d) Certification by Adjoining Unit Owner that No Contribution is Due. If any unit owner desires to sell his unit, he may, in order to assure a prospective purchaser that no adjoining unit owner has a right of contribution as provided in this Section, request of the adjoining unit owner to make such certification immediately upon request and without charges; provided, however, that where the adjoining unit owner claims a right of contribution, the certification shall contain a recital of the amount claimed.
- (e) Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Section, such dispute shall be settled by arbitration pursuant to any Court-Ordered Arbitration program then in effect in the judicial district of North Carolina within which the condominium is located.

15. Availability of Documents and Records of the Association. The Association shall make reasonably available for examination true copies of the Declaration and of all bylaws, rules and regulations, books, records and current financial statements of the Association, to the following: (a) unit owners and their agents and mortgagees, and (b) contract purchasers of units and their agents and prospective mortgagees. Upon written request from any governmental agency holding, insuring or guaranteeing any mortgage against any unit of the condominium, the Association shall provide a copy of a financial statement of the Association for the immediately preceding fiscal year to the requesting agency within a reasonable period of time.

16. Service of Process. The Association is the person designated to receive service of process pursuant to N.C.G.S. §47A-13. The Registered Agent and the Registered Office of the Association are of record with the office of the Secretary of State of North Carolina.

17. General Provisions.

(a) Parties Bound. All persons and entities acquiring any interest in any of the units, including but not limited to lessees, shall be bound by the provisions of this Declaration. All guests and invitees of such persons and entities, and any other occupants of any of the units, shall likewise be bound.

(b) Duration. The provisions of the Declaration shall run with and bind the Property perpetually, unless rescinded pursuant to subsection (c) below.

(c) Amendment or Rescission. The Declaration may be amended or rescinded only by a written instrument executed by the Association and authorized by the affirmative vote of at least two-thirds (2/3) of all units existing at that time, cast in person or by proxy at a meeting duly held in accordance with the bylaws of the Association. Any amendment or rescission must be recorded at the Orange County Registry to be effective.

(d) Enforcement. Any unit owner and/or the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, and obligations imposed by the Declaration. The Association or any unit owner may bring any action necessary to enjoin any violation or breach of the provisions of the Declaration, and/or to recover damages therefor. The Association and/or any unit owner shall be entitled to recover reasonable attorney's fees incurred in bringing and prosecuting such action from the breaching or violating unit owner(s).

(e) Failure to Enforce Not a Waiver. The failure to enforce any right, reservation, covenant or restriction contained in the Declaration, however long continued, shall not be deemed a waiver of the right to do so thereafter.

(f) Severability. Invalidation of any one of the provisions hereof by judgment or court order shall not affect any of the other provisions of the Declaration, which shall remain in full force and effect.

(g) Captions. The captions herein are inserted only as a matter of convenience and for reference, and shall not be construed to define, limit or describe the scope of any provision of the Declaration.

(h) Law Controlling. The Declaration shall be construed and governed pursuant to the laws of North Carolina.

(i) References to Statutes. All references herein to any statutory provision shall be construed to include and apply to any subsequent amendments to or replacements of such provision.

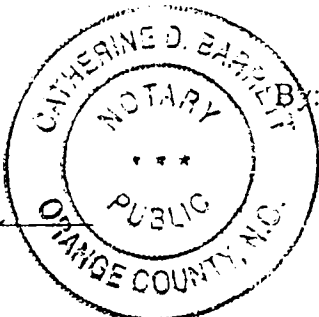
(j) Construction. When used herein, plural shall include singular (or vice versa) and masculine shall include feminine and neuter, as applicable and appropriate.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed by its authorized officers and its corporate seal to be affixed hereto on the date stated above.

Cedar Court Homeowners Association.
A CORPORATION

Attest: Alice Nien
Alice Nien, Secretary

Ulrike I. Stroszeck
Ulrike I. Stroszeck
Chairperson of the Board



NORTH CAROLINA, Orange COUNTY

I, Catherine D. Barrett, a Notary Public for said county and state, certify that Alice Nien personally came before me this day and acknowledged that he/she is the Secretary of Cedar Court HOMEOWNERS Association, a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Chairperson of the Board, the principal executive officer of the corporation, sealed with its corporate seal, and attested by himself/herself as its am Secretary.

Witness my hand and official seal this 21 day of August, 1998.

My commission expires: 2-22-03

Catherine D. Barrett
Notary Public

STATE OF NORTH CAROLINA, _____ COUNTY.

The foregoing certificate of _____, A Notary Public of the designated Governmental unit, is certified to be correct. This instrument was presented for registration this _____ day of _____, 1998, at _____ o'clock __M., and duly recorded in the office of the Register of Deeds of Orange County, North Carolina, in Book _____ Page _____. This the _____ day of _____, 1998.

By: Betty June Hayes, Register of Deeds
Russella O. Mize
Assistant/Deputy Register of Deeds

EXHIBIT A

All that certain lot or parcel of land situated, lying and being in the Town of Carrboro, Township of Chapel Hill, County of Orange, State of North Carolina, and more particularly described as follows: BEGINNING at a nail in the center line of Greensboro Street, which nail is located South $2^{\circ} 16'$ West 154.11 feet from a nail in the point of intersection of the center line of Pleasant Drive with the center line of Greensboro Street; running thence from said beginning point North $75^{\circ} 07'$ East 31.40 feet to an iron stake; thence continuing North $75^{\circ} 07'$ East 656.73 feet to an iron stake with two stone markers, said iron stake being in the Western edge of the Southern Railway right of way; running thence with the Western edge of the Southern Railway right of way South $16^{\circ} 11'$ West 340.56 feet to a concrete monument; running thence North $89^{\circ} 58'$ West 546.01 feet to a concrete monument; thence continuing North $89^{\circ} 58'$ West 30.02 feet to a nail in the center line of Greensboro Street; running thence with the center line of Greensboro Street North $2^{\circ} 16'$ East 149.98 feet to the point of beginning, containing 3.295 acres, more or less, inclusive of the street right of way, according to the plat and survey thereof, prepared by Claude L. Whitfield, Licensed Engineer.

C. L. Whitfield

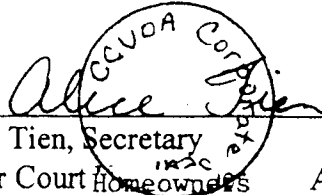
EXHIBIT B

CERTIFICATION

The undersigned Secretary of Cedar Court Unit Ownership Association hereby certifies that the execution and recording of the foregoing Amendment to Declaration of Cedar Court Condominium was authorized by the affirmative vote of forty (40) out of fifty (50) units of Cedar Court Condominium, cast in person or by proxy at a meeting duly held in accordance with the Bylaws of the Association on July 29, 1998. The 40 units casting affirmative votes were:

Units: 19, 27, 18, 46, 48, 47, 49, 13, 14, 16,
26, 24, 43, 44, 32, 28, 31, 03, 20, 21,
22, 23, 33, 35, 36, 37, 25, 15, 39, 40,
10, 17, 42, 04, 09, 08, 45, 50, 11, 34.

This the 30th day of July, 1998.



Alice Tien, Secretary
Cedar Court Homeowners Association

Prepared by Bagwell & Holt, P.A.

Return to Cedar Court Unit Ownership Association, P.O. Box 596, Carrboro, NC 27510

**AMENDED BYLAWS OF
CEDAR COURT UNIT OWNERSHIP ASSOCIATION**

Cedar Court Unit Ownership Association ("the Association"), a North Carolina nonprofit corporation, states and declares as follows:

A. The original bylaws of the Association ("the Original Bylaws") were recorded at Book 346 Page 613, Orange County Registry.

B. The Association now desires and intends to amend the Original Bylaws by rescinding them in their entirety and adopting new bylaws, as set forth below.

C. The execution and recording of these Amended Bylaws were approved and authorized by the affirmative vote of forty (40) of the units of Cedar Court Condominium, cast in person or by proxy at the annual meeting of members of the Association held on July 29, 1998. A copy of the record of that vote, certified by the Secretary of the Association, is attached hereto as Exhibit A and incorporated herein. Forty of the units of the condominium constitute eighty percent (80%) of the total of fee interests in the condominium.

THEREFORE, the Association hereby amends the Original Bylaws by rescinding them in their entirety and substituting therefor the following:

9778-87-9955.001 THRU .050

7.97A..1 THRU 50

ARTICLE I.
BUSINESS ADDRESS

The business address of the Association shall be P.O. Box 596, Carrboro, North Carolina 27510. The business address may be changed by the Board of Directors of the Association if required by the U.S. Postal Service, or, upon approval of the membership, for any other reason.

ARTICLE II.
MEMBERSHIP IN THE ASSOCIATION

Every person or entity who is a record owner of a fee or undivided fee interest in any of the units in any phase of Cedar Court Condominium ("the Condominium"), located in Orange County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership.

ARTICLE III.
PURPOSES OF THE ASSOCIATION

The purposes and duties of the Association shall be:

- A. To manage the Condominium pursuant to the terms and provisions of Article 3 of Chapter 47C of the North Carolina General Statutes, these Bylaws, any Rules and Regulations promulgated by the Association or its Board of Directors and that Amendment to Declaration of Cedar Court Condominium of record at Book 1801, Page 366, Orange County Registry ("the Amended Declaration"), as the same may be amended from time to time;
- B. To enforce the provisions of these Bylaws, the Amended Declaration, and any Rules and Regulations promulgated by the Association or its Board of Directors;
- C. To promote and protect the enjoyment and beneficial use and ownership of all of the units of the Condominium ("the Units").

No part of the net earnings of the Association shall inure to the benefit of its members, the members of its Board of Directors or its officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV.
ASSESSMENTS

The Association shall make and collect assessments against the Units as stated in the Amended Declaration, and any amendments thereto.

ARTICLE V.
MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Orange County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members shall be held during the month of November of each year on any day during that month (except a legal holiday) as determined by the Board of Directors, for the following purposes:

- (a) to ratify or reject the summary of the proposed budget submitted by the Board of Directors pursuant to Article VI below;

- (b) to elect the Board of Directors of the Association; and
- (c) to transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any Rules and Regulations governing the Condominium.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors of the Association, or upon the written request of members representing not less than twenty percent (20%) of the units.

Section 5. Notice of Meetings. Written notice of the meeting shall be delivered not less than fourteen (14) nor more than thirty (30) days before the date of any members' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record. The notice shall state the time and place of the meeting and shall also state the items on the agenda, including the general nature of any proposed amendment to the Amended Declaration or these Bylaws, any budget changes and any proposal to remove an Officer/Director. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records of the Orange County Tax Collector to determine the addresses of the owner(s) of a Unit. The notice of meeting must state the time and place of the meeting and all items on the agenda for the meeting.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Rights. On matters of the Association's business submitted to vote of the membership, there shall be one (1) vote per Unit, regardless of the number of owners of a Unit. There shall be no requirement of a quorum for submitting any matter to a vote at any Annual Meeting or Substitute Annual Meeting properly called and convened pursuant to these Bylaws. At any special meeting of members, twenty percent (20%) of the Units (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote. Except as otherwise provided by the Amended Declaration, Chapter 47C of the North

Carolina General Statutes, or these Bylaws, all matters submitted to a vote at any meeting held in accordance with these Bylaws shall be decided by a simple majority of the total votes cast.

Section 7. Voting by Proxy. Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. A proxy terminates one year after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Unit __, on all matters submitted to vote at that meeting of Cedar Court Unit Ownership Association, to be held on _____, _____. The undersigned hereby ratify and confirm all such votes cast on behalf of said Unit at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said Unit.

This the _____ day of _____, _____.

Section 8. Voting List. At least ten days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors of five (5) individuals, who shall be entitled to act on behalf of the Association. The members of the Board of Directors shall be elected by the membership of the Association at each annual meeting of the members of the Association, to serve until the next annual meeting of the members, and those persons who receive the highest number of votes at a meeting shall be elected. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor. Not less than three (3) of the Directors elected by the membership of the Association must be unit owners.

Section 2. Powers and Duties. The Board of Directors shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not amend the Amended Declaration, terminate the condominium, elect members of the Board (except to fill any vacancy in its membership for the unexpired portion of a term) or determine the qualifications, powers, duties or terms of office of members of the Board. In addition the Board of Directors shall have the following specific powers, duties and responsibilities:

A. The Board will keep a complete record of all of its acts and all affairs of the Association and make the same reasonably available for examination by any member, his agents or mortgagees.

B. The Board will adopt a proposed budget for the Association to be approved or rejected by the membership of the Association at its Annual Meeting. The proposed budget shall be adopted at a meeting of the Board to be held not more than thirty (30) days before the Annual Meeting of the membership of the Association. A summary of the proposed budget, including the amount of any proposed assessments against the Units, shall be mailed to the membership with the notice of the annual meeting. The proposed budget shall be deemed ratified unless at the meeting more than twenty-five (25) Units vote to reject it. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the membership ratifies a budget subsequently proposed by the Board of Directors pursuant to N.C.G.S. Sec. 47C-3-103 (c).

C. The Board shall annually promulgate written Rules and Regulations governing the use and maintenance of all common elements of the condominium, which shall be binding on the owners of all of the Units, their lessees and guests. The Board shall annually mail copies of the current Rules and Regulations to the owners of all of the Units.

D. The Board may fine any unit owner an amount not to exceed One Hundred Fifty Dollars (\$150.00) for any single violation of the Amended Declaration, these Bylaws or any Rules and Regulations promulgated by the Board. In such event, the Board shall provide the unit owner fined an opportunity to be heard before an Adjudicatory Panel to be appointed by the Board pursuant to Article X below. Multiple fines may be assessed against any unit owner for multiple violations. Any such fines shall be deemed assessments against the unit of such owner, and shall be collectable as provided in the Amended Declaration.

E. The Board may contract a management agent to perform and execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board from its fiduciary duty to the Association.

Notwithstanding any other provision herein, the Board of Directors is authorized, on behalf of the Association, to submit any dispute with or claim against the owner(s) of any Unit(s) to voluntary arbitration pursuant to any arbitration program then in effect in the General Court of Justice of Orange County, North Carolina.

Section 3. Removal of Directors. Any director may be removed at any time with or without cause by a vote of at least sixty-seven percent (67%) of those Units represented in person or by proxy at any meeting of the membership of the Association at which a quorum is present.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of a director, his/her successor shall be selected and appointed by the remaining members of the Board of Directors to serve until the next meeting of the membership of the Association.

ARTICLE VII. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any member of the Board of Directors may waive notice of any meeting. The attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except where a member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. A majority of the number of the members of the Board of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the members of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Members of the Board of Directors. Action taken by a majority of the members of the Board of Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the members of the Board of Directors and filed in the book of records of the Association, whether done before or after the action so taken.

Amendment to these Bylaws (passed: September 24, 2003):

Article VI, Section 5: Compensation for Board of Directors in the Event of Self-Management.

In the event of self-management, members of the Board of Directors performing the duties including, but not limited to, those outlined in Article VIII of the Bylaws and the duties more specifically listed below in this section shall be eligible for compensation after serving probationary time on the board. No compensation shall be received for the first 12 months (the "probationary time") of service as a Board member. After the probationary time has expired, the Director will be eligible to submit detailed invoices for the hours spent performing his/her duties. The hourly wage shall be set at \$20 per hour, yet the total sum value of this service shall not exceed \$1500 for any 12 consecutive months for one Director. Additionally, the sum total of all compensation received by the all Directors shall not exceed \$6,000 during any consecutive 12 months. In the event that this will be reached, compensation payments sum shall be allocated proportionally among the eligible Directors. The president may opt to sign a management contract with the Association, rather than billing by the hour, and the total value of this management contract shall not exceed \$1500 for any 12 consecutive months. At a minimum, quarterly meetings of the Board of Directors shall be held and these meetings will not be billable. Minutes from these meetings and copies of monthly financial reports (including detailed invoices from Board members) will be made available to any Association member upon request.

President: *The president shall coordinate and oversee all maintenance agreements and projects and serve as a liaison between the Board of Directors and the Association's tenant in unit 34A. In the event an attorney is needed, the president will serve as the liaison between the attorney and the Association. The president will serve as a co-signor with the treasurer on all bank accounts.*

Secretary: *The secretary will coordinate meetings, including those of the Board of Directors and the annual meeting of the Association. The secretary will also record official minutes at all meetings and keep records of email transactions. The secretary will coordinate all general mailings to members of the Association and serve as the liaison to the insurance agency.*

Treasurer: *The treasurer will serve as the liaison between the Association and the bookkeeper and monitor the periodic financial reports. The treasurer will also oversee the tax returns prepared by the CPA and prepare annual budgets. The treasurer will be a co-signor with the president on all bank accounts.*

Vice President: *In the event that a vice president is elected he/she will share responsibilities with other Board members and any additional duties delegated by the President.*

Assistant Secretary: *In the event that an assistant secretary is elected he/she will share responsibilities with other Board members and be responsible for any additional duties delegated by the Secretary or Treasurer.*

Section 7. Committees of the Board. The Board of Directors may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a member of the Board of Directors.

ARTICLE VIII OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice-President, a Secretary, a Treasurer, and an Assistant Secretary. The offices of Secretary and Treasurer may be held by the same person; otherwise, no two offices may be held by the same person.

Section 2. Election and Term. The officers of the Association shall be appointed by each newly elected Board of Directors of the Association as soon as practicable after the annual meeting of members at which that Board was elected. Members of the Board shall be eligible to serve as officers of the Association. Each officer shall hold office until his/her death, disability, resignation or removal, or until the appointment of his/her successor by a subsequently elected Board of Directors.

Section 3. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President, together with the Secretary, shall execute any amendments to the Amended Declaration or these Bylaws approved by the membership of the Association.

Section 4. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or the Board of Directors.

Section 5. Secretary. The Secretary shall: (a) keep minutes of the meetings of members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the

Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) be authorized to certify and oversee the recordation of amendments to the Amended Declaration or these Bylaws on behalf of the Association; (e) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 6. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; (c) prepare, execute and deliver certificates of Assessments as provided by Section 12 of the Amended Declaration; and (d) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 7. Assistant Secretary. In the absence of the Secretary or in the event of his/her death, inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and in so doing shall have all the powers of and be subject to all the restrictions upon the Secretary.

ARTICLE IX. CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE X ADJUDICATORY PANEL

Section 1. Appointment of Adjudicatory Panel. The Board of Directors shall, not less than annually, appoint an Adjudicatory Panel of five (5) individuals, all of whom shall be residents of the condominium. Members of the Board shall be eligible to serve as members of the Adjudicatory Panel. Each member shall sit until his/her death, disability, resignation or removal, or until the appointment of his/her successor by a subsequently elected Board of Directors.

Section 2. Hearings. In the event that a fine is assessed against a unit owner by the Board of Directors pursuant to Subsection 2(D) of Article VI above, the Adjudicatory Panel shall provide to the unit owner so fined notice of the violation and an opportunity to be heard regarding the alleged violation and the assessed fine. If within ten (10) days of receipt of the notice the unit owner requests in writing a hearing, the Adjudicatory Panel shall hear the matter within twenty (20) days of the date of the written request. Three (3) members of the Panel shall constitute a quorum for the purpose of conducting a hearing. Following such a hearing, the Adjudicatory Panel shall confirm, deny or modify the fine imposed by the Board and shall notify the unit owner of its decision. The decision of the Panel with regard to the fine shall be final.

ARTICLE XI. INDEMNIFICATION

Any person who at any time serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitral action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgment, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by this bylaw. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of this bylaw serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the

Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

ARTICLE XII. DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to a nonprofit organization with purposes similar to those of the Association, or to any other organization eligible under the provisions of Chapter 55A of the General Statutes of North Carolina. However, in no event shall the residual assets of the Association be distributed in a fashion that terminates the Association's exempt status under Section 528 of the Internal Revenue Code of 1986 or any corresponding sections or provisions of any future United States Internal Revenue law.

ARTICLE XIII. SECTION 528 STATUS

The Association shall elect and shall be managed in such fashion as to maintain tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by an Association electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law.

ARTICLE XIV. GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

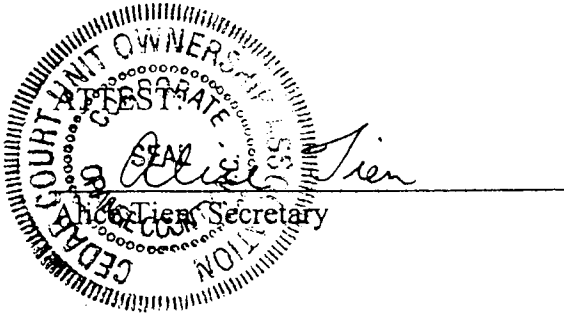
Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 3. Amendments. The members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws by the affirmative vote of at least fifty percent (50%) of the Units, cast in person or by proxy at any meeting of the members of the Association held in accordance with these Bylaws. The Secretary of the Association shall certify in the records of the Association the results of the vote approving and authorizing any such action; however, any such amendment, rescission, repeal or restatement of these Bylaws, or any such adoption of new bylaws, need not be recorded in the Orange County Registry to be effective.

Section 4. Conflicts. In the event of any conflict between the terms and provisions of these Bylaws and the terms and provisions of the Amended Declaration, the terms and provisions of the Amended Declaration shall control.

Section 5. References to Statutes. All references herein to any statutory provisions shall be construed to include and apply to any subsequent amendments to or replacements of such provisions.

The foregoing instrument, consisting of 11 pages, is hereby approved, accepted and adopted by the Association as the Amended Bylaws of Cedar Court Unit Ownership Association, to be effective at the date and time of recording of these Amended Bylaws at the Orange County Registry.



Cedar Court Unit Ownership Association

By: Ulrike I. Stroszeck
Ulrike I. Stroszeck, Chairperson of the Board

CEDAR COURT UNIT OWNERS' ASSOCIATION, INC.

RULES AND REGULATIONS

ARTICLE I

Use of Units Affecting the Common Elements

Section 1.1 Occupancy Restrictions. Units are limited to occupancy by single families as defined in the Declarations. For use and occupancy restrictions, please see the Bylaws and Declarations.

Section 1.2 No Commercial Use. No industry, business, trade or commercial activities, other than home professional pursuits without employees, public visits or non-residential storage, mail or other use of a Unit, shall be conducted, maintained or permitted on any part of the Common Elements of Brandon Ridge, nor shall any signs, window displays or advertising except for a name plate or sign not exceeding nine-square inches in area, on the main door to each Unit be maintained or permitted on any part of the Common Elements of any Unit, nor shall any Unit be advertised as being used or rented for transient, hotel or motel purposes.

Section 1.3 Electrical Devices or Fixtures. No electrical device creating electrical overloading of standard circuits may be used without permission from the Board of Directors. Misuse or abuse of appliances, circuits, or fixtures within a Unit that affects other units of the Common Elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the Unit Owner from whose Unit it shall have been caused. Further, the total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

Section 1.4 Decorative Displays Outside of Units. Unit Owners shall not cause or permit anything other than blinds, curtains, conventional draperies and curtains, holiday decorations, and decorative flags and hanging plants to be visible from or hung, displayed, or exposed at or on the outside of windows or outside of Units or in any of the Common Element areas without the prior consent of the Board of Directors or such committee established by the Board of Directors having jurisdiction over such matters, if any. The storage of hoses visible from the front of any unit is specifically prohibited.

Section 1.5 Painting Exteriors. Owners shall not paint, stain, or otherwise change the color of any exterior portion of any building without the prior consent of the Board of Directors or such committee then established having jurisdiction over such matters, if any.

Section 1.6 Cleanliness. Each Unit Owner shall keep his or her unit in a good state of preservation and cleanliness to ensure an attractive community and to prevent infestation by pests.

Section 1.7 Outdoor grills. No grilling using live coals or briquettes or charcoal lighter fluid is allowed on either the front or rear porches or decks of any structure within the Common Elements or Limited Common Elements. Only electric, butane, or gas-fired grills with ceramic briquettes whose flame is turned on and off by a valve or switch may be used and these only in compliance with all applicable ordinances. The Board of Directors may restrict the location at which these may be used at its discretion. Only electric grills may be used on any deck or balcony.

ARTICLE II

Use of Common Elements

Section 2.1 Obstructions. There shall be no obstruction of the Common Elements, nor shall anything be stored outside of the Units without the prior consent of the Board of Directors except as hereinafter expressly provided.

Section 2.2 Storage. If prior approval has been given storage of materials in Common Elements or other areas designated by the Board of Directors shall be at the risk of the person storing the materials.

Section 2.3 Proper Use. Common Elements shall be used only for the purposes for which they were designed. No person shall commit waste on the Common Elements or interfere with their proper use by others, or commit any nuisance, vandalism, or damage on or to the Common Elements.

Section 2.4 Alterations, Additions or Improvements to Common Elements. No alterations, additions or improvements may be made to the Common Elements without the prior consent of the Board of Directors or such committee established by the Board of Directors having jurisdiction over such matters, if any. No clothes, sheets, blankets, laundry, or any other kind of articles other than holiday decorations on doors only, shall be hung out of a building or exposed or placed on the outside walls or doors of a building or on trees, and no sign, awning, canopy, shutter, or antenna shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof or exposed on or at any window. Mini-satellite dishes may be allowed with prior approval by the Board and should be treated like an architectural change for application to the Board.

ARTICLE III

Actions of Owners and Occupants

Section 3.1 Annoyance or Nuisance. No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit affecting the Common Elements, or on the Common Elements, nor shall anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other Unit Owners or occupants or interfere with their peaceful enjoyment of the Common Elements for the purposes for which they were designed. No Unit Owner, tenant, sub-tenant, assignees, invitees, or occupant shall make or permit any disturbing noises by themselves, their family, servants, employees, agents, visitors and licensees, nor do or permit anything to be done by such persons that will interfere with the rights, comforts, or convenience of other Unit Owners or occupants. No Unit Owner or occupant shall play, or suffer to be played, any musical instrument or operate or suffer to be operated any engine, device, phonograph, stereo, television set, car radio or stereo, or other radio at such high volume or in such other manner that it shall cause unreasonable disturbances to other Unit Owners or occupants.

Section 3.2 Compliance With Law. No immoral, improper, offensive or unlawful use may be made of the Property and Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of North Carolina, and all ordinances, rules and regulations of the Town of Durham. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for the violation thereof or noncompliance therewith.

Section 3.3 Pets. Under the Declarations' use or occupancy restrictions, no animals, birds or reptiles of any kind shall be raised, bred, or kept on the common area property. Indoor household pets must comply with the requirements of the city or county of Durham and the State of North Carolina as to number, kind, type, size, or other characteristics. Pets may not be kept, bred or maintained for any commercial purposes. Any pet causing or creating a nuisance or unreasonable disturbance or noise affecting other residents or the Common Elements shall be permanently removed from the Property upon three (3) days written notice following Notice and Hearing from the Board of Directors. In no event shall any dog be permitted in any

portion of the Common Elements unless carried or on a leash. Feces deposited by any dogs in the common areas is the responsibility of the owner and shall be immediately removed and disposed of in such manner as to avoid inconvenience or offense to other residents. No dogs shall be curbed in any courtyard or close to any patio or terrace or kept on any balcony or deck, nor shall dogs be tethered outside at any location except for short periods of time under the direct supervision of the owner. The owner shall hold the Association harmless from any claim resulting from any action of his or her pet. Seeing-eye dogs and hearing-ear dogs will be permitted for those persons holding certificates of necessity.

Section 3.4 Indemnification for Actions of Others. Unit Owners shall hold the Association and other Unit Owners and occupants harmless from their own actions and for the actions of their children, tenants, guests, pets, servants, employees, agents, invitees, or licensees.

Section 3.5 Lint Filters on Dryers; Grease Screens on Stove Hoods. All dryers will have lint filters that will remain installed and prevent lint from accumulating in the vent duct. All stove hoods will have grease screens that will remain installed and prevent grease from accumulation in the vent duct. All filters and screens will at all times be used and kept in clean, good order and repair by the Unit Owner.

ARTICLE IV

Insurance

Section 4.1 Increase in Rating. Nothing shall be done or kept that will increase the rate of insurance on any of the buildings, or contents thereof, without the prior consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept on the Property that will result in the cancellation of the insurance coverage on any of the buildings, or contents thereof, or that would be in violation of any law.

Section 4.2 Rules of Insurance. Unit Owners and occupants shall comply with the rules and regulations contained in any fire and liability insurance policy on the Property as may be published from time to time by the Board of Directors.

Section 4.3 Reports of Damage. Damage by fire or accident affecting the Property, and persons injured by or responsible for any damage, fire or accident must be promptly reported to the manager or a member of The Board of Directors by any person having knowledge thereof.

ARTICLE V

Rubbish

Section 5.1 Deposit of Rubbish. Trash will be deposited only in the dumpsters provided for such or container locations designated by the Board of Directors or the Manager. Pickup will be from those locations only. Occupants will be responsible for removal of trash from their Units to the pickup locations and the deposition into the dumpsters. Trash is to be deposited within the dumpsters and not left on the ground and the area is to be kept neat, clean, and free of debris. Long-term storage of rubbish in the units is forbidden.

Section 5.2 Trash Storage. No storage of trash will be permitted in or outside any Unit in such manner as to be unsightly or permit the spread of fire, odor, or encouragement of vermin.

Section 5.3 Recycling. All residents are encouraged to recycle to the maximum extent possible and must recycle in accordance with the ordinances of the city of Durham. Containers for recyclable materials are located in several areas about the city, and no cardboard, furniture, or household fixtures are to be deposited in the dumpsters.

ARTICLE VI

Motor Vehicles

Section 6.1 Prohibited Vehicles. Trucks and other vehicles having more than four tires, trailers, commercial vehicles, and all vehicles that are disabled or not licensed for general highway use are prohibited in the parking areas and driveways, except for temporary loading and unloading, for periods not in excess of ten hours, or as may be designated by the Board of Directors. Construction equipment used in the actual repair, construction or maintenance of the Property will not be so restricted during such use.

Section 6.2 Compliance with Law. All persons operating motor vehicles within the common areas will comply with North Carolina State Laws , Department of Motor Vehicle regulations, and applicable local ordinances.

Section 6.3 Parking and Limitation on Use. For purposes of these rules there are recognized two types of parking (1.) Unit owner parking and (2.) visitor parking. The use of Limited Common Element parking spaces is limited to use by the occupant of a Unit or his guest, and such parking areas shall be used for no other purpose than to park motor vehicles, and loading or unloading

Section 6.4 Visitor Parking. The vehicles of visitors are expected to be temporary. Vehicles not owned by unit owners and parked on the property for more than twenty four hours will be deemed trespassers and will be removed.

Section 6.5 Speed Limit. The speed limit within the Association is 15 miles per hour.

Section 6.8 Snowmobiles, Off-Road, and Unlicensed or Immobile Vehicles. Snowmobiles, off-road vehicles including trail bikes, jeeps and other four-wheel drive vehicles not used in maintenance are prohibited, except where licensed and equipped for passage on public highways, and actually used by licensed drivers on the paved portions of the Property. Except for other motor-assisted bicycles and wheel chairs as permitted by state law, all highway vehicles used or parked on the Property will be licensed and properly equipped and in operating condition for safe travel on the public highways of the state. Except for temporary repairs not involving immobility in excess of 10 hours, highway vehicles will not be disassembled, repaired, rebuilt, painted, constructed or stored on the Property. The Association may remove, at the cost of the Unit Owner responsible, any vehicle remaining immobile in excess of 48 hours.

Section 6.9 No Parking Areas. Vehicles may not be parked in such manner as to block access to fire hydrants, sidewalks running perpendicular to drives, pedestrian-crossing areas, designated fire lanes, or clear two-lane passage by vehicles on roads and drives. Vehicles in violation will be towed after reasonable efforts to contact the person, Unit Owner or occupant to whom the vehicle is registered.

ARTICLE VII

General Administrative Rules

Section 7.1 Consent in Writing. Any consent or approval required by these Rules must be obtained in writing prior to undertaking the action to which it refers.

Section 7.2 Complaint. Any formal complaint regarding the management of the Property or regarding actions of other Unit Owners shall be made in writing to the Board of Directors or the appropriate committee.

Section 7.3 Priority. Where any of these rules conflict with restrictive covenants in the Governing Documents of this Association the more stringent rule shall apply.

ARTICLE VIII

General Recreation Rules

Section 8.1 Limited to Occupants and Guests. Passive recreational facilities, open space and woodland within the Common Elements are limited to the use of Unit Owners, their tenants and invited guests. All facilities are used at the risk and responsibility of the user, and the user shall hold the Association harmless from damage or claims by virtue of such use.

Section 8.2 Boisterous Behavior Prohibited. Boisterous, rough, or dangerous activities or behavior, which unreasonably interfere with the permitted use of facilities by others, is prohibited.

Section 8.3 Children. Parents will direct and control the activities of their children in order to require them to conform to the Rules. Parents will be responsible for violations or damage caused by their children whether the parents are present or not.

Section 8.4 Proper Use. Recreational facilities, if any, will be used for the purposes for which they were designed. Picnic areas, equipment, and surrounding areas shall be properly used, and may not be abused, overcrowded, vandalized or operated in such a way as to prevent or interfere with permitted play or use by others. Rules of safety promulgated by nationally recognized organizations regulating play of a game or sport for which a facility is designed will be followed, and where appropriate, customary safety equipment will be worn and used.

ARTICLE IX

Enforcement

Each infraction of the rules enumerated herein is considered an infraction by the owner of the unit whether the act is committed by the Unit Owner, his family, tenants, sub-tenants, guests, assignees, invitees, or other occupant. It is strongly suggested therefore that Owners make certain that tenants and others as needed are familiar with these rules. Each infraction may carry a fine against the Unit Owner of up to \$25.00 per day or any portion thereof during which the infraction occurs. In addition, the Board of Directors is empowered to do one or more of the following at its discretion:

- a. Restrict the right of an individual to use any or all of the common elements.
- b. Bring civil action against the individual.
- c. Seek injunctive relief.
- d. Levy fines which may include court costs and attorney's fees.
- e. Suspend membership and/or voting rights.
- f. Take such other legal actions or means as the Board of Directors may deem necessary or appropriate.

Certified by: _____ Date _____
Secretary