

EXHIBIT A
BYLAWS
OF
HOLLYBROOK CONDOMINIUMS

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Article I

General

Section 1. **Applicability.** These Bylaws provide for the self-governance of Hollybrook Condominiums, in accordance with the Articles of Incorporation for Hollybrook Condominiums Association, Inc., a North Carolina non-profit corporation, and the Amended and Consolidated Declaration of Condominium for Hollybrook Condominiums recorded in the Buncombe County, North Carolina, Registry of Deeds.

Section 2. **Name.** The name of the corporation is Hollybrook Condominiums Association, Inc. (Hereinafter referred to as the "Association").

Section 3. **Membership.** As provided in the North Carolina Condominium Act (N.C. Gen. Stat. 47C-1-101 et seq.) [hereinafter referred to as the "Condominium Act"], an Owner of a Unit shall become a Member of the Association upon taking title to the Unit and shall remain a Member for the entire period of ownership. If title to a Unit is held by more than one person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) vote per Unit. Membership does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to each Unit and shall be transferred automatically by conveyance of that Unit and may be transferred only in connection with the transfer of title.

Section 4. **Voting.** Each Unit shall be entitled to one (1) vote which may be cast in accordance with the terms herein. A vote may be cast by the Owner, or by a lawful proxy, as provided below, and shall be allocated as provided in the Declaration. When more than one person owns a Unit, the vote for such Unit shall be exercised as they between or among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit. In the event of disagreement among such persons and an attempt by two or more of them to cast such vote or votes, such persons shall not be recognized and such vote or votes shall not be counted. The Board may prohibit any owner from voting, either in person or by proxy, or from being elected to the Board of Directors if such owner is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 5. **Majority.** As used in these Bylaws, for any vote of the membership held in accordance with or pursuant to the Declaration, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number of eligible votes, owners, or other groups. Unless otherwise specifically stated, the words "majority vote" shall mean more than fifty percent (50%) of the eligible votes of the Association represented at a meeting in person or by proxy. Unless otherwise provided in the Declaration or these Bylaws, all decisions shall be by majority vote.

Section 6. **Purpose.** The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the common expenses, arranging for the management of the Condominium, enforcing the Declaration and these Bylaws, and performing all of the other acts that may be required to be performed by the Association by the Condominium Act and the Declaration. The Association shall also amend and supplement the system of administration, the Declaration and these Bylaws as may be required from time to time and perform all other things or acts required or permitted to the Association under the Condominium Act. Except as to those matters which either the Condominium Act, the Declaration, these Bylaws or the North Carolina Nonprofit Corporation Act specifically require to be performed by the vote of the Association, the

administration of the foregoing responsibilities shall be performed by the Board of Directors, as is more particularly set forth below.

Article 1I

Definitions

Terms as used in these Bylaws shall have the meanings as set forth in Article 3 of the Declaration unless specifically provided otherwise or the context otherwise requires.

Article III

Meeting of Members

Section 1. **Annual Meetings.** The regular annual meeting of the members shall be held on the third Monday in November, at a time and place designated by the Board of Directors.

Section 2. **Substitute Annual Meetings.** If an Annual Meeting is not held on the day designated by these Bylaws, then a Substitute Annual meeting shall be called in accordance with Sections 4 and 5 of this Article. A meeting so called shall be designated and treated for all purposes as an Annual Meeting.

Section 3. **Special Meetings.** Special meetings of the members for any purpose may be called at any time by the President, and shall be called upon the request of a majority of the Board of Directors, or upon the written request of Unit owners having twenty percent (20%) of the votes in the Association.

Section 4. **Notice of Meetings.** It shall be the duty of the Secretary to mail or to cause to be delivered to the Unit Owners a notice of each annual or special meeting of the Association at least ten (10) days and not more than fifty (50) days prior to each annual or special meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer. In the case of a Special Meeting, the notice of the meeting shall state specifically the purpose or purposes for which the meeting was called. Notices shall be delivered personally or mailed to each Owner of record at his Unit; if any Owner wishes notice to be given at an address other than his Unit, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. **Waiver of Notice.** Waiver of notice of a meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof, unless such Owner 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 lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 6. **Quorum.** The presence of Owners entitled to cast one-half (50%) of the eligible votes of the Association, in person or by proxy, shall constitute a quorum.

Section 7. **Adjournment.** Any meeting of the Owners may be adjourned from time to time by the President or Chairperson or by a vote of the Owners holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at

the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

Section 8. **Proxy.** Any Member entitled to vote may do so by written proxy duly executed by the Member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used and must be dated. No proxy shall be revocable except by written notice delivered to the Association before a meeting or, if at the meeting, to the person presiding.

Section 9. **Vote by Written Ballot.** In accordance with Section 55A-7-08 of the North Carolina Nonprofit Corporation Act, any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Association delivers by mail or otherwise a written ballot to every member entitled to vote on the matter.

Section 10. **Conduct and Business.** Robert's Rules of Order (latest edition) shall govern the conduct of the meeting, when not in conflict with the Declaration, Articles of Incorporation, these Bylaws, or any ruling made by the person presiding over the meeting.

Article IV

Board of Directors

Section 1. **Composition.** The affairs of the Association shall be governed by a Board of Directors. The Board shall be composed of five (5) directors. Each director shall be an Owner, or the spouse of an Owner of at least one Unit; provided, however, a husband and wife may not serve on the Board at the same time.

Section 2. **Election and Term of Office.** Directors shall be elected by vote of those persons present, in person or by proxy, at the annual meeting, a quorum being present. Those persons receiving the most votes shall be elected to the number of positions to be filled. The term of office for directors shall be for three (3) years, commencing from the date of elections and continuing until the election of successors. Election of the directors at annual meetings shall be staggered such that two (2) directors shall be elected one year for a three (3) year term of office, and three (3) directors shall be elected for a three (3) year term of office. Therefore, in order that terms be staggered, at the first annual meeting after the adoption of these Bylaws, two (2) directors will be elected for three (3) year terms and three directors for initial two (2) year terms and thereafter for three (3) year terms.

Section 3. **Nomination.** Nominations for election to the Board of Directors shall be by a Nominating Committee consisting of a Chairperson, who shall be a member of the Board, and at least two (2) members of the Regime. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members to serve from the close of the annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion, determine; however, in no event shall the nominations be less than the number of vacancies. Nominations may also be made from the floor of the annual meeting.

Section 4. **Removal of Members of the Board of Directors.** At any regular or special meeting of the Association duly called at which a quorum is present, anyone or more of the members of the Board of Directors may be removed, with or without cause, by at least a sixty seven percent (67%) vote of all persons present and entitled to vote at such meeting and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be ,given

at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any member of the Board of Directors who has been absent without an excuse from three (3) consecutive Board meetings may be removed from the Board by the vote of a majority of the Board members present at a Board meeting, a quorum being had.

Section 5. **Vacancies.** Vacancies in the Board of Directors caused by any reason, other than the removal of a director by a vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve until a successor shall be elected at the next annual meeting of the Association to fill the unexpired portion of the term.

Section 6. **Compensation.** No Member of the Board shall receive any compensation from the Association for acting as such; provided, however, each Director, upon approval of the Board, shall be reimbursed for reasonable out-of-pocket expense incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Association from compensating a Director for unusual and extraordinary services rendered to the extent authorized by the Members of the Association at any meeting called for that purpose; further provided, each Director, by assuming office, waive his right to institute suit against or make claim upon the Association for compensation.

Section 7. **Organizational Meeting.** The first meeting of a newly elected Board shall be held within ten (10) days of election at such time and place as may be determined by the directors.

Section 8. **Regular Meetings.** Meetings of the Board of Directors shall be held regularly at such time and place as shall be determined from time to time by the Board. There shall be a minimum of six (6) meetings of the Board of Directors per year.

Section 9. **Special Meetings.** Special Meetings of the Board of Directors may be called by the President on three (3) days' notice to each director given by mail, in person or by telephone, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

Section 10. **Waiver of Notice.** Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall also constitute a waiver of notice by him of the time and place of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. **Conduct of Meetings.** The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Condominium Act, the Declaration, the Articles of Incorporation, these Bylaws, or any ruling made by the person presiding over the meeting. A majority of directors shall constitute a quorum for the transaction of business. A decision of the Board of Directors shall be by a majority of those directors present at the duly called meeting. The President may vote.

Section 12. **Action Without a Meeting.** Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board of Directors. Any action taken without a

meeting, must be unanimously agreed upon by the Board and written consent to the action by all Directors must be filed with the minutes of the Board of Directors.

Section 13. **Tie Votes.** In the event of a tie vote by the Board of Directors, the President may, in addition to his vote as a Board member, exercise a supplemental vote to break the tie vote.

Section 14. **Powers and Duties.** The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Condominium and may do all such acts and things as are not by the Declaration, Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Association Members. The Board shall have the power to adopt, modify, and repeal such reasonable rules and regulations as it deems necessary and appropriate for the governance of the Condominium or the administration of the affairs of the Association and to impose sanctions for violations thereof, including, without limitation, monetary fines. Such powers and duties shall include but not be limited to:

- (a) Adopt and amend Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves;
- (c) Collect assessments for common expenses for Unit Owners;
- (d) Hire and terminate managing agents and other employees, agents, and independent contractors;
- (e) Institute, defend, or intervene in its own name in litigation or administrative proceedings on matters affecting the Condominium;
- (f) Make contracts, open bank accounts, and incur liabilities;
- (g) Regulate the use, maintenance, repair, replacement, and modification of common elements;
- (h) Cause additional improvements to be made as a part of the common elements within the limits of expenditures permitted by the Declaration and/or Bylaws;
- (i) 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 Section 47C-3-112 of the Condominium Act;
- (j) Grant easements, leases, licenses, and concessions through or over the common elements;
- (k) Impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than limited common elements described in Subsections 47C-2-102(2) and (4) of the Condominium Act and for services provided to Unit Owners;
- (l) 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) per violation (on a daily basis for continuing violations) of the Declaration, Bylaws, and Rules and Regulations of the Association pursuant to Section 47C-3-107A of the Condominium Act;
- (m) Impose reasonable charges for the preparation and recordation of amendments to the Declaration, resale certificates required by Section 47C-4-109 of the Condominium Act, or statements of unpaid assessments;

- (n) Provide for the indemnification of and maintain liability insurance for its officers, directors, employees and agents;
- (o) Borrow money and assign its right to future income, including the right to receive common expense assessments subject to approval of the purpose of the borrowing by a majority of the vote of the members of the Association;
- (p) Prepare, execute, certify and record amendments to the Declaration and Bylaws on behalf of the Association;
- (q) Exercise any other powers conferred by the Declaration or Bylaws;
- (r) Exercise all other powers that may be exercised in this State by nonprofit corporations;
- (s) Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 15. **Management Agent.** The Board of Directors may employ for the Condominium a professional management agent or agents, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. Any management contract shall contain a termination clause permitting termination without cause and without penalty, upon no more than thirty (30) days written notice.

Section 16. **Architectural Standards.** The Board may establish an Architectural Standards Committee for the purpose of establishing and maintaining architectural standards on Condominium property, as hereinafter provided.

Section 17. **Additional Committees.** The Board may establish such other committees as it deems desirable.

Section 18. **Committee Chairpersons and Members.** The Board shall elect the chairperson and approve the members of each committee established.

Article V

Officers

Section 1. **Designation.** The officers of the Association shall consist of a President, a Secretary, a Treasurer, and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board may from time to time elect. Except for the President, no officer need be a member of the Board.

Section 2. **Election of Officers.** The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following each annual meeting of the members and shall hold office at the pleasure of the Board of Directors and until a successor is elected.

Section 3. **Removal of Officers.** Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4. **President.** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board of Directors. The President shall have all

the general powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 5. **Vice Presidents.** The Vice Presidents, if any, in the order of their election, unless otherwise determined by the Board shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. **Secretary.** The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with North Carolina law.

Section 7. **Treasurer.** The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. Furthermore, the Treasurer shall cause an annual audit or review of the Regime's books as directed by the Board or the Association pursuant to Article IX, Section 6 of these Bylaws.

Section 8. **Amendments to Declaration and Bylaws.** The Board of Directors shall prepare and the President shall execute, certify, and record amendments to the Declaration and Bylaws on behalf of the Association. The Secretary shall attest to such execution and certification.

Article VI

Indemnification of Officers and Directors

The Association shall indemnify every officer and director against any and all expenses, including legal fees, reasonably incurred by or imposed upon such officer or director in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by reason of being or having been an officer or director, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance or malfeasance. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in the Declaration.

Article VII

Maintenance Responsibility

Section I. **By the Owner.** Except as otherwise provided in Section 2 hereof, each unit owner shall maintain, repair, and replace at his expense all portions of his unit which become in need thereof, including all drywall, molding or paneling, bathroom and kitchen fixtures, plumbing, electrical system,

light fixtures, wall and ceiling covering materials, matting, carpeting, drapes and other items within the unit and such external systems as may service only his unit, such as a television antenna system serving only that unit. Each unit owner shall maintain, repair, and replace, when necessary, all damage to windows and doors as part of his unit; except however, damages to such caused by agent, employees, or subcontractors employed by the Association shall be repaired by the Association. All damages to the Common Elements intentionally or negligently caused by the unit owner, his family, guests, invitees, agents, servants, lessees, employees, or contractors shall be repaired promptly by such unit owner, except to the extent such damage is covered by hazard insurance required to be maintained by the Association, in which case the Association waives its right of indemnity to the extent of funds received paid pursuant to said insurance policy. If the unit owner defaults in his obligations herein and each default is not cured by him within fifteen (15) days from written demand by the Association, the same may be cured by the Association and the cost thereof shall be assessed against the unit owned by the subject unit owner. The Unit Owner shall also be responsible for maintaining the air conditioning and heating apparatus. The Owners shall be responsible for maintenance and repair to all utilities and services from the point where they enter any Unit. Maintenance by any Unit Owner on any portion of the Condominium, other than the interior of a Unit, shall be done in accordance with the architectural standards as may be applicable in the Declaration, Bylaws, or Rules and Regulations of the Association.

Section 2. By the Association. The Association shall maintain and keep in good repair, as a common expense, all of the Condominium property not required to be maintained and kept in good order by an Owner. The Association shall maintain, repair, and replace at its expense all parts of the Common Areas and Facilities, whether located within the perimeter walls of a unit or not, the cost of which shall be charged to the unit owners as a common expense. The Association shall be authorized to perform, after ten (10) days' notice to a Unit Owner, any maintenance upon a Unit for which the Owner is responsible and to charge the Owner, as provided for assessments herein, with the actual costs of maintenance.

Section 3. Restrictions on Unit Owners. No unit owner shall perform or cause to be performed any maintenance, repair, or replacement work upon his Unit which disturbs the rights of the other unit owners or jeopardizes the soundness or the safety of the Condominium Property. If the unit owner shall cause any work so performed on the Unit, which in the sole opinion of the Board violates the terms of this paragraph, it shall be immediately corrected and he shall refrain from recommencing or continuing any such work without written consent of the Board. A unit owner shall not repair, alter, replace, or move any of the Common Elements or Limited Common Elements located within his unit without the prior written consent of the Board. No structural or load bearing members may be changed without the prior written consent of the Board. A unit owner shall not paint or otherwise decorate or change the outside appearance of the building in which his unit is located, including doors or windows, or any appurtenance thereto or Limited Common Element serving his unit without the written consent of the Board.

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

Section 5. Alterations to Common Areas and Facilities. The Association is authorized to make minor improvements to and alterations to the structures located on the Common Elements as a common expense; however, no major or structural improvements to or alterations of the Common Elements or Limited Common Elements, or improvements or alterations in excess of Ten Thousand Dollars (\$10,000.00) shall be made by the Association without first obtaining the prior approval of the Membership by a majority vote of the total membership.

Section 6. Approval of Payment Vouchers. All vouchers for payment of expenses incurred by the Association in the maintenance, repair, alteration and replacement of the Common Elements shall be approved in writing, jointly by the President and the Treasurer. In the absence or disability of the

President, the Vice-President may perform the duties herein of the President, and the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer. Notwithstanding the foregoing, the Board may authorize any officer, Member, Committee, or Independent Manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration, or replacement of the Common Elements, so long as the resolution granting such authority specifically limits the maximum amount which may be authorized on each occasion and so long as the subject resolution describes the items which may be so authorized.

Section 7. Responsibility for Damages. In accordance with Section 47C-3-107 of the Condominium Act, if damage for which a Unit Owner is legally responsible and which is not covered by insurance provided by the Association is inflicted on any common element or limited common element, or the property of another Unit Owner, the Association may direct such Unit Owner to repair such damage or the Association may itself cause the repairs to be made and recover the costs thereof from the responsible Unit Owner.

If, on the other hand, damage is inflicted on any Unit by an agent of the Association in the scope of his/her activities as such agent, the Association is liable to repair such damage or to reimburse the Unit Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Unit Owner.

In both such above-described instances, when the claim involved is five hundred dollars (\$500.00) or less, the Board of Directors, or its designee, shall determine if a Unit Owner is responsible for damages to any common element or whether the Association is responsible for damages to any Unit. The Board, or its designee, shall accord the party charged with causing the damage with notice, an opportunity to be heard, presentation of evidence and notice of decision in accordance with those procedures set forth in Article VIII of these Bylaws. The Board, or its designee, may assess a liability for each damage incident not in excess of five hundred dollars (\$500.00) against each Unit Owner charged or against the Association. Liabilities of Unit Owners shall be assessments in accordance with Section 47C-3-107 of the Condominium Act and the Declaration. Liability of the Association may be used by the Unit Owner as an offset against amounts owed to the Association.

Section 8. Insurance Deductibles. If maintenance is required as a result of an insured loss, the amount of the deductible shall be paid by the Association. If such maintenance is caused by the act or omission of a Unit Owner, or his or her immediate family member(s), guest(s), tenant(s) or lessee(s), then the Unit Owner will be assessed and shall pay the amount of the deductible.

Section 9. Freeze Damage Protection. The Board of Directors may make rules and regulations as it deems necessary to implement and enforce freeze prevention measures.

Article VIII

Enforcement Procedures

In accordance with Section 47C-3-107A of the Condominium Act, the Board of Directors or its designated representatives or committee shall not impose a fine or a charge for damages against a Unit Owner unless and until the following procedure is followed:

Section I. Demand. Written demand to cease and desist from an alleged violation of the Declaration, Bylaws, or Rules and Regulations shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction if such violation is a

continuing one or a statement that any further occurrence of the same violation may result in the imposition of sanction, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's sole determination, pose a danger or nuisance to safety or property. Charges for late payments under Section **11.11** of the Declaration are not to be regarded as fines that warrant a hearing under this section.

Section 2. **Notice.** Within twelve (12) months of such demand as stated above, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may impose a fine by giving the violator written notice. The notice shall state: (i) the nature of the alleged violation; (ii) the amount of the fine; (iii) that the violator will have the opportunity to be heard by requesting within ten (10) days from the date of such notice, a hearing before the Board of Directors or its designated committee to contest the fine; (iv) that any statements, evidence and witnesses may be produced by the violator at the hearing; and (v) that all rights to be heard or to have a fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

Section 3. **Hearing.** If the hearing is requested, it shall be held before the Board of Directors or a committee designated by the Board and the violator shall be given a reasonable opportunity to be heard. The Board or designated committee shall render its final decision regarding imposition of the fine no later than five (5) days after the hearing. The minutes of the meeting shall contain a written statement of the results of the hearing.

Article IX

Miscellaneous

Section 1. **Notices.** Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

- (a) if to a Unit Owner, at the address which the Unit Owner 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 Owner; or
- (b) 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 in accordance with subsection (a) hereof.

Section 2. **Severability.** The invalidity of any part of the Declaration or these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of the Declaration or these Bylaws.

Section 3. **Captions.** The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the Declaration or these Bylaws or the intent of any provision thereof.

Section 4. **Gender and Grammar.** The use of the masculine gender in the Declaration or these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. **Fiscal Year.** The fiscal year shall be set by resolution of the Board of Directors.

Section 6. **Audit.** An audit or review of the accounts of the Association shall be made annually in the manner directed by the Board and results communicated to each of the members. However, after having received the Board's audit or review at the annual meeting, the Owners may, by a majority of the total Association vote, require that the accounts of the Association be audited as a common expense by an independent accountant.

Section 7. **Conflicts.** In the event of conflicts between the North Carolina Condominium Act, the Declaration, these Bylaws, and Board Resolutions; the Condominium Act, the Declaration, the Bylaws and Board Resolutions shall control, in that order.

Section 8. **Amendment.** These Bylaws may be amended by the affirmative vote, (51%) written consent, or any combination of affirmative vote and written consent of the members holding a majority of the total votes entitled to be cast on the amendment. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment. No amendment shall become effective until it is recorded in the Registry of Deeds of Buncombe County, North Carolina.

Section 9. **Books and Records.** All members of the Association and all mortgagees shall, upon written request, be entitled to inspect all books and records of the Association during normal business hours at the office of the Association or other place designated reasonably by the Board of Directors as the depository of such books and records