

BY-LAWS

OF

EVANS MILL OWNERS ASSOCIATION, INC.

ARTICLE I: ASSOCIATION MEMBERS: MEETINGS

Section 1. Members and Voting Rights. Each owner of a numbered subdivision lot described in the Protective Covenants, Evans Mill, as recorded in Book 1629, Page 0434, Craven County Registry, as the same may be amended from time to time to include additional properties (the "Covenants"), shall be a member of the Association. The membership of the Association shall consist of all of the owners of such numbered lots. Each owner shall be entitled to one vote for each lot (hereinafter referred to as the "Lot") owned by him, but there shall be only one vote allowed per Lot. There shall be one person with respect to each Lot who shall be entitled to vote at any meeting of the Association. Such person shall be known as the "voting member." The voting member shall be selected by agreement of the owners of the affected Lot, or by the Association if no agreement is reached among the owners of the individual Lot.

Section 2. Transfer of Membership. The Association shall not issue stock. Membership in the Association may be transferred only as an incident to the transfer of title to a Lot as and in the manner provided for by the Covenants and these By-Laws, and, upon compliance with all of the terms thereof, transfer of membership shall become effective if made in accordance with the foregoing, upon the recordation of a deed of conveyance to the said Lot, or upon the passing of legal ownership if transfer of ownership is accomplished other than by deed of conveyance.

Section 3. Annual Meeting. The first annual meeting of the Lot owners shall be held on the 2nd Friday in the month of November of 1999, or at such other date prior to December 31, 1999, as established by Declarant (as defined in the Covenants). An annual meeting shall be held each year thereafter, on a date established by the Board of Directors. Should no contrary date be established, and notification given, the annual meeting shall be on the second Friday of the month of November of each year. The location of the meeting shall be at a designated location within the Evans Mill development unless the Association shall specify a different location in writing to the Lot owners. Voting by proxy shall be allowed. A quorum for any Association member meeting, regular or special, shall be twenty-five percent (25%) of the Lots whether the same shall be present in person or by proxy.

Section 4. Special Meeting. A special meeting of the Lot owners may be called at any time by the President or by a majority of the Board of Directors, and shall be held at such place as is designated by the President or a majority of the Board of Directors, and stated in a written notice. No special meeting shall be called unless the Secretary of the Association shall have mailed to or served upon all of the Lot owners written notice of the said meeting at least twenty (20) days prior to the date of the meeting. All notices shall be mailed to or served at the address of each Lot owner as it appears on the books of the Association.

## ARTICLE II - DIRECTORS

Section 1. Directors. The number of directors of the Association shall be three (3).

Section 2. Selection. The directors named in the charter of this Association shall serve until the first annual meeting of the Association.

Beginning with the first annual meeting of the Association, all directors, except directors designated by Declarant, shall be selected by vote of all Lot owners. Cumulative voting shall not be allowed. All directors designated by Declarant shall be designated for a one (1) year term; all other directors selected by election shall be elected for two (2) year terms. Prior to the first annual meeting, Declarant, acting as a nominating committee, shall nominate from among Lot owners other than Declarant an equal or greater number of candidates as there are directors to be elected; each year thereafter, a nominating committee selected by the Board of Directors of the Association shall nominate an equal or greater number of candidates as there are directors to be elected. A list of nominees of the nomination committee shall be circulated to the owners with the notice of annual meeting. Each such nominee must have consented to stand for election. Additional nominations from the floor will be accepted prior to the election; however, no nomination from the floor will be accepted, unless the nominee is in attendance personally at the meeting, or has given in advance of the meeting written agreement to serve if elected.

Declarant shall select all directors until the first annual meeting following the conveyance of 30 Lots within Evans Mill Point by Declarant to third parties, or the annual meeting held in 2000, whichever first occurs. At the first annual meeting following conveyance of the 30th Lot, or in 2000, as appropriate, one director shall be elected by vote of all voting Members other than Declarant, and Declarant shall select the remaining directors. At the first annual meeting following conveyance of the 50th Lot within Evans Mill by Declarant to a third party, or in the annual meeting held in 2002, whichever first occurs, two members of the Board of Directors shall be elected by the voting Members exclusive

of Declarant; Declarant shall select the remaining Members of the Board of Directors. Beginning with the earlier to occur of the annual meeting in the year 2004 or conveyance of the 65th Lot within Evans Mill by Declarant to a third party, Declarant shall select no directors, but shall be entitled to vote in respect to all Lots owned by Declarant.

Notwithstanding any other provision contained herein, the membership shall elect all Directors at any time following the recordation in the office of the Register of Deeds of Craven County of a statement properly executed by Declarant transferring this right to the members and to the Association.

All directors elected by the Association membership shall be owners of Lots. Directors selected by Declarant need not be owners of Lots within Evans Mill. Directors may be re-elected.

Section 3. Removal and Vacancies. Declarant may remove at any time any director selected by Declarant; directors elected at an annual meeting may be removed at any time upon affirmative vote of a majority of the Lots entitled to vote, with or without cause. In the event of any removal, resignation or vacancy in any of the directorships, the remaining members of the Board of Directors shall elect a person to serve as a successor to the removed, resigned or vacant office, who shall hold office for the balance of the unexpired term, and shall succeed to a membership in the Board of Directors for the same term, except that Declarant shall name the replacement of any director removed, which director was appointed by Declarant. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors, and such election shall be subject to the requirements of Section 2 above.

Section 4. Annual Meetings. The annual meeting of the Board of Directors shall be held at such place as may be agreed upon by the Board of Directors, and shall be held immediately following the adjournment of the annual meeting of the Lot owners. The Board of Directors may establish a schedule of regular meetings to be held at such place as the Board of Directors may designate, in which event no notice shall be required to be sent to the said Board of Directors of said regular meetings once said schedule has been adopted.

Section 5. Special Meetings. Special Meetings of the Board of Directors may be called by the President, and in his absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving three (3) days notice, in writing or by telephone call, to all of the members of the Board of Directors of the time and place of said meeting, said notice to be served on each member of the Board of Directors by the Secretary of the Association. By unanimous consent of the Board of Directors, a special meeting of the Board of Directors may be held without

notice at any time or place. All notices of special meetings shall state the purpose of the meeting.

Section 6. Quorum. A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the members of the Board.

A majority of those present at any annual, regular or special meeting shall have the power to adjourn the meeting to a future time, provided that written notice of the new time, date and place shall be mailed to or personally served on each member of the Board of Directors by the Secretary of the Association at least three (3) days prior to the time fixed for said meeting.

Section 7. Compensation. The officers and directors of the Association shall serve without compensation solely for holding such office.

### ARTICLE III. OFFICERS: POWERS AND DUTIES

Section 1. The President. He shall be the Chief Executive Officer of the Association; he shall preside at all meetings of the Lot owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts of the Association and shall perform and have the powers necessary to perform all of the duties incident to this office and that may be delegated to him from time to time by the Board of Directors.

Section 2. The Vice-President. He shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Directors.

#### Section 3. The Secretary-Treasurer.

(a) He shall issue notices of all Board of Directors meetings and all meetings of the Lot owners; he shall attend and keep the minutes of the same; he shall have charge of all of the Association's books, records and papers.

(b) He shall have the custody of the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and he shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated from time to time by the Board of Directors.

(c) He shall disburse the funds of the Association as may be ordered by the Board in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meeting of the



Board of Directors, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association.

(d) He shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(e) He shall also give status reports to potential transferees, on which reports the transferees may rely. The liability of the Lot owners shall continue until the transfers have been approved, and all such transferees shall be deemed liable for past due assessments (other than institutional mortgagees or purchasers at institutional mortgage foreclosure sales).

Section 4. The Secretary-Treasurer. The office of the Secretary-Treasurer may be divided between two individuals, one Secretary and one Treasurer.

Section 5. Manager. If the Association elects to hire a manager, any or all of the duties set out herein may be transferred to such manager, upon proper supervision and safeguards by the officers. These duties may only be transferred with the authorization and approval of the Board of Directors. However, the Association may not delegate to the manager the authority to borrow money or to sign conveyances.

Section 6. Bond. All officers or other employees who are authorized to sign checks may be bonded in an amount equal to the total anticipated assessment for a full year, and such bond shall be a common expense of the Association.

Section 7. Selection of Officers. The officers shall be selected by the Board of Directors at the annual meeting of the directors, and may or may not be from the ranks of the directors. Each officer shall serve at the pleasure of the Board of Directors.

Section 8. Qualification of Officers. An officer need not be a Lot owner. At least two of the officers shall be Lot owners or a named representative of Declarant. No Lot owner shall be eligible for election as an officer if he is more than 15 days delinquent in the payment of any assessment. A transfer of title of his Lot by an officer who is a Lot owner shall automatically operate as his resignation as an officer.

Section 9. Committees. The officers shall request approval of the directors to establish standing committees, and shall submit to the directors nominees for service on such committees. The Architectural Control Committee shall consist of a minimum of three members. All other standing committees shall consist of the number of members deemed appropriate by the Board of Directors upon recommendation of the officers. Members of any

committee may or may not be Lot owners, and may or may not be either officers or directors. All committee members shall serve at the pleasure of the directors.

#### ARTICLE IV. POWERS OF THE ASSOCIATION

The Association, acting through the Board of Directors, shall have the following powers:

Section 1. Covenants. All of the powers specifically set forth in the Covenants and all of the powers incidental thereto.

Section 2. By-Laws. All of the powers specifically set forth in these By-Laws and all of the powers incidental thereto.

#### Section 3. Miscellaneous Powers.

(a) to use and expend the assessments collected to carry out the purposes and powers of the Association.

(b) to employ attorneys, accountants and other professionals as the need arises.

(c) to employ and terminate the employment of workmen, janitors, gardeners, managers and such other agents and employees to carry out the powers of the Association, and to purchase supplies and equipment therefor.

(d) to purchase insurance as may be deemed necessary or desirable by the Association. The Association shall, presuming the same is available in the insurance market without payment of premiums deemed prohibitive by incurrence of Declarant and all directors of the Association not selected by Declarant, general liability insurance with limits per occurrence no less than \$1,000,000.00,, and the Association shall further procure for the benefit of all elected directors of the Association (and may procure for all directors of the Association) errors and omissions insurance.

#### ARTICLE V. FINANCE AND ASSESSMENTS.

Section 1. Depository. The funds of the Association shall be deposited in a bank designated by the Board of Directors, in an account for the Association under resolutions approved by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by any designated officer(s) or agent(s) of the Association. All notes of the Association shall be signed by any two of the officers of the Association.

Section 2. Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each year;

provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America at such time as the Board of Directors deems it advisable.

Section 3. Determination of Assessments. .

(a) As more fully set out in the Covenants and in the Articles of Incorporation for the Association, the Board of Directors of the Association shall fix and determine from time to time the sum or sums necessary and adequate for the common expenses of the Association. Common expenses shall include expenses for the operation, maintenance, repair, or replacement of the common areas and facilities, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, taxes until separately assessed, and any other expenses designated as common expense from time to time by the Board of Directors of the Association, and as allowed by the Articles of Incorporation of the Association and the Covenants.

The Board of Directors is specifically empowered, on behalf of the Association, to make and collect assessments, and to lease, maintain, repair, and replace the common elements of the Association. Said assessments shall be payable monthly or quarterly or annually, in advance, as ordered by the Board of Directors.

(b) When the Board of Directors has determined the amount of any special assessment, the Secretary-Treasurer of the Association shall mail or present a statement of the assessment to each of the Lot owners. All assessments shall be payable to the Association in care of the Secretary-Treasurer of the Association, or as otherwise directed from time to time by the Association.

(c) The Board of Directors, in preparing its annual budget, is expressly directed to establish a capital improvement and repair fund for utilization by the Association in the maintenance, improvement, and repair of the common properties or properties it maintains. Special assessments may be for any purposes, including capital improvements or repairs, to the extent adopted in accordance with the procedures set out in the Covenants.

(d) The Board of Directors shall provide a copy of the annual budget of the Association to each Lot owner no later than the end of the first month of each fiscal year of the Association. No owner approval of said budget shall be required.

Section 4. Delinquent Assessments. In the event an assessment is not paid within thirty (30) days of the date it is due and payable, the Association, through its Board of Directors,

may proceed to enforce and collect the said assessment, plus interest at the rate of 12% per annum against the Lot owner owning the same in any manner allowed by North Carolina law, or as allowed by the Covenants or these By-Laws.

Section 5. Collection and Enforcement. In connection with any assessment, the Association shall have all of the powers, rights, privileges and legal remedies provided for by the Covenants and North Carolina law concerning collection and enforcement. Further, in this connection, each Lot owner shall be liable for his assessment in the same manner provided for by the Covenants, and shall likewise be responsible for reasonable attorney's fees, interest and costs incurred by the Association incident to the collection of such assessment or enforcement of any lien held by the Association for unpaid assessments.

Section 6. Foreclosure. Where the mortgagee of a first mortgage of record or other purchaser of a Lot obtains title to a Lot as a result of foreclosure of a first mortgage (or deed in lieu of foreclosure) such purchaser, including his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid share shall be deemed to be common expenses collectible from all of the Lot owners, including such purchaser, his successors and assigns.

Section 7. Loans. Notwithstanding any other provision contained herein, to the extent the Association, upon full payment of dues by Declarant, has a shortfall in operating revenues, Declarant shall be allowed to lend to the Association a sum of money not to exceed TWENTY THOUSAND DOLLARS (\$20,000.00), which sum shall be repaid with an interest rate of seven percent (7%) per annum, over a repayment schedule mutually agreeable to Declarant and the Association. No such loan shall be made without majority approval of the members of the Board of Directors of the Association not selected by Declarant, and any such loan shall be evidenced by written Promissory Note executed by the Association and Declarant. Notification of such loan shall be given to all members.

#### ARTICLE VI. VIOLATIONS.

In the event of a violation (other than the nonpayment of an assessment) by a Lot owner of any of the provisions of the Covenants, these By-Laws or any other rules of the Association, the Association, by direction of its Board of Directors, may notify the Lot owner of such by written notice, sent registered or certified mail, return receipt requested, and if such violation shall continue for a period of ten (10) days from the date of such notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable

and material breach of the Covenants, the By-Laws, or the rules of the Association, as the case may be, and the Association may then, at its option, have the following elections: (i) an action at law to recover for damages on behalf of the Association or on behalf of the other Lot owners; (ii) an action in equity to enforce performance on the part of the Lot owner; or (iii) an action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief. Failure on the part of the Association to maintain such an action at law or in equity within 45 days from date of a written request, signed by a Lot owner, sent to the Board of Directors, shall authorize any Lot owner to bring an action in equity or suit at law on account of the violation, in the manner provided for by North Carolina law. Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter.

#### ARTICLE VII. NOTICE.

Except as otherwise provided herein, whenever notices are required to be sent hereunder, the same shall be sent to the Lot owners by the U.S. Mail, at their place of residence as listed with the Association. All notices to the Association shall be sent to the mailing address designated by the Board of Directors as their address for notices. All notices shall be deemed and considered sent when mailed. Any party may reserve the right to change the place of notice to him or it by written notice, in accordance with the terms and provisions of this Article. Each Lot owner shall keep on record with the Association a current mailing address and shall notify the Association of any changes therein.

#### ARTICLE VIII. AMENDMENTS TO BY-LAWS.

These By-Laws may be amended in the same manner as the Covenants may be amended, and with the same restrictions on amendment thereon. No amendment shall be effective without consent of Declarant until such time as Declarant selects one (1) or fewer members of the Board of Directors of the Association. In addition, without written consent of Declarant no amendment hereto shall be adopted that negatively impacts Declarant's rights or privileges reserved hereunder or in the Covenants, or which alters Declarant's obligations hereunder.

#### ARTICLE IX. ADMINISTRATION.

Notwithstanding anything contained in these By-Laws to the contrary, Declarant as defined in the Covenants or its assigns shall be responsible for the administration of the Association until such time as the first annual meeting of the members of the Association. Declarant shall designate the date, and give notice, of the first annual meeting of the Association, if such first

annual meeting is to be held at a time other than as set out in Article I, Section 3, of these By-Laws.

#### ARTICLE X. RULES.

Section 1. Nothing contained within these By-Laws or the rules established hereunder shall prohibit rental by the owner of a residential dwelling constructed on any Lot. However, it is understood that in order to maintain the value of the Lots conveyed, and to preserve the enjoyment of the property for owners and renters alike, certain guidelines can be established by the Association for the handling of renters, and for the protection of the Association and its members. These rental guidelines shall be included within the rules of the Association, and shall have the same force and effect as other rules. The owner of every unit utilized for rental purposes shall give written notice to the Association of the name and address of the renters of such unit.

Section 2. The owner of any Lot shall be responsible for the conduct for all guests and renters.

Section 3. The Association acting by its Board of Directors may adopt additional rules relating to utilization of any Lot or any common property (including any street), all as more specified in the Covenants. All rules adopted shall be enforceable as though said rule were specifically delineated within these By-Laws or the Covenants.

#### ARTICLE XI. INDEMNIFICATION.

Any person who at any time serves or has served as a director, officer, employee or agent of the Association, or in such capacity at the request of the Association for any other association, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorney fees, actually and necessarily incurred by him in connection with any threatened or pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by these By-Laws, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving

notice to, and obtaining approval of, the members of the Association.

Any person who at any time after the adoption of these By-Laws serves or has served in any of the aforesaid capacities for or on behalf 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 provisions of these By-Laws.

The Association shall have authority to assess the members of the Association, in the manner of a special assessment, to collect monies necessary to carry out its obligations in accordance with the indemnity provisions of this Article. Such assessment may be made, however, without vote of the members as is required for other special assessments, as the payment of such obligation is an obligatory, and not optional, payment of the Association.

APPROVED AND DECLARED AS BY-LAWS OF  
EVANS MILL OWNERS ASSOCIATION, INC.

 (SEAL)  
Secretary

CONSENT OF BOARD OF DIRECTORS OF  
EVANS MILL OWNERS ASSOCIATION, INC.  
TO ACTION WITHOUT ORGANIZATIONAL MEETING

The undersigned, being all of the Directors of EVANS MILL OWNERS ASSOCIATION, INC., (the "Corporation"), do hereby take the following actions by signing a written consent hereto, in lieu of an organizational meeting of the Board of Directors.

SELECTION OF OFFICERS

The undersigned, being the Directors named in the Articles of Incorporation of the Corporation, hereby select the following as the initial officers of the Corporation, to serve until replaced by the Board of Directors of the Corporation:

President	-	J. Edwin Mitchell, Jr.
Vice-President	-	John Wehrenberg
Secretary	-	Judy Marco
Treasurer	-	Judy Marco

BUDGET

The undersigned hereby approve as the initial budget of the Corporation that budget attached hereto as Exhibit A.

BANKING

The Corporation is hereby authorized to establish both a checking and savings account with the following insured banking institution: BB&T Checks may be drawn on said accounts as shown on the banking resolutions of such banking institution, copies of which are attached hereto.

FISCAL YEAR

Until further action by the Board of Directors of the Corporation, the fiscal year of the Corporation shall be the calendar year.

EMPLOYMENT OF PROFESSIONAL SERVICES

In connection with discharging their duties as such, and without limitation in connection with the maintenance, preparation and filing of books, records, reports and returns, the proper officers of the Corporation are hereby authorized and directed to procure in their discretion such legal, accounting or other professional services and assistance as they may reasonably require in order to properly discharge the duties of such offices, and the reasonable expenses therefore shall be charged to and paid for by the Corporation.




APPROVAL OF BY-LAWS

The undersigned hereby approve as the By-Laws of the Corporation those By-Laws attached hereto and incorporated herein for all purposes.

This document is dated and effective the 30 day of July, 1998.

  
\_\_\_\_\_  
S. EDWIN MITCHELL, JR. (SEAL)

  
\_\_\_\_\_  
JOHN WEHRENBURG (SEAL)

  
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JUDY MARCO (SEAL)

Weyer\Evans.Min  
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