

**Laurel Park Place
Owner's Association**

**Covenants
&
Bylaws**

**Changed, Modified, Amended & Restated
as of July 16, 2003**

Laurel Park Place Homeowners Association
Rule & Regulations
June 1, 2002

The purpose of this document is to provide residents or potential residents of Laurel Park Place, with a list of Rules and Regulations (i.e. a partial, condensed version of the Covenants), which would answer the most commonly asked questions.

Conveyance of Townhouses: Each owner shall be conveyed a fee simple title only to the actual ground upon which the completed Townhouse is situated, together with one-half of the party wall separating two or more Townhouses. All ground beyond this footprint of the Townhouse is "Common Ground."

Insurance: Each owner shall secure and maintain in full force and effect, at such owner's expense, Home Owners' Coverage. If a unit is damaged, it must be replaced or rebuilt to the original specifications.

1. Owners shall submit plans for exterior changes to townhouses to the Board of Directors for review and approval in writing.
2. Decks of all sizes will be maintained by the association. Porches may be screened. Screen doors are to be hung so that they swing open inside the porch according to code.
3. Storm damage is not the responsibility of the association. Owners must use their homeowners' insurance to cover storm damage.
4. Owners need written permission from Landscape Committee to plant new trees or shrubs. The Association will prune or clip shrubbery, but not replace it. Owners have the privilege of growing annuals or perennials of their own choice at their own expense in existing gardens. (However, any removal or replacement of the annuals or perennials because of personal choice will be done at the expense of the individual owner).

Because all ground, except for the "footprint" under each Townhouse is designated as "Common Ground", no planting will be allowed in the grassed areas without permission of the Landscape Committee in writing. The plantings of any vegetable plants or artificial flowers must be approved by the Landscape Committee in writing.

5. Yard/garage sales are not allowed. An "Estate Sale" may be permitted by the approval of the Board of Directors in writing, provided no items for sale are displayed outside the Townhouse and the classified ad states that appointments must be made. Residents may request permission from the Board of Directors to have a "community yard sale" once a year.

5. All clothes, rugs, blankets and other personal items must be hung in an enclosed area and not visible from adjacent homes or the street.
7. Garbage containers are to remain inside units until the eve or day of pick up.
3. Fines for designated infractions of the Covenants and Bylaws, may be levied by the Board of Directors.
9. Grilling is permitted, but must be done at least ten (10) feet from the townhouse. Grilling on decks is not permitted by NC state law.
10. No satellite and/or radio receiving stations or outside television or ham radio antennae shall be permitted, except as shall be approved in writing by the Board of Directors.
11. No noxious or offensive activity shall be conducted in any townhouse or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.
2. No animals, livestock, or poultry of any kind shall be kept or maintained in any townhouse, except that dogs, cats or other household pets may be kept or maintained, provided they are not kept or maintained for commercial purposes. When any household pet is allowed outside of any townhouse, it shall be kept under control and on a leash while on any common ground. Owners must make sure to clean up after their pet on both grassed areas and wooded areas.
3. No townhouse, or any portion thereof, shall be rented or leased for less than one (1) year. The owner is responsible for supplying a copy of this document to the residents. The townhouse owner must inform the association, in advance, of any sale or rental.
4. In the event that an owner or tenant is in need of constant care, the owner, tenant, or his/her representative shall get prior written approval of the Board of Directors for a care giver to reside in the unit. A copy of the contract/agreement between the owners and the health care provider shall be provided to the Board of Directors. Because each townhouse has one parking space and a garage for their use, the health care provider should park their car in one of these areas.
5. No commercial vehicle above a standard two (2) axle, exceeding the gross weight of 80,000 lbs., 8' width, 13 1/2' height, 60' length is allowed on the premises. In order to protect lawns, mailboxes, sidewalks and curbing, it is advisable for moving vans to use smaller trucks.

North Carolina, Henderson County The foregoing certificate(s) of
Lisa M. Edney
 Notary Public (~~Notary Public~~) is/~~are~~ certified to be correct, this
 instrument presented for registration and recorded in this office
 this 25 day of June, 2002
 at 9-23A, in book 403, page 484

Nedra W. Miller
 Register of Deeds

Myrl Threlkeld
 (Assistant Deputy)

Exterior Maintenance, In addition to maintenance upon the common area, the association will provide exterior maintenance upon each townhouse, which is subject to assessment hereunder according to the following guidelines:

16. Repairs and/or replacements necessitated by storm damage or the negligence of the owner will not be the responsibility of the association.
17. Utility lines, i.e. gas, water, electricity, telephone, and t.v., belong either to the homeowner or the utility company, and repair and/or replacement will be the responsibility of either the utility company or the homeowner. The association assumes no responsibility for repair and/or replacement of utility lines.
18. In the event there are changes to the original design of a unit which have been approved by the Board of Directors, the costs of repair or maintaining the changes to the original design shall be the sole responsibility of the owner of the unit, and the association will not be responsible for maintenance or repair of work necessitated by design changes.
19. Glass replacement/repairs in any townhouse will be the sole responsibility of the individual property owner, and the association shall have no responsibility for glass replacement and/or repair.

The Laurel Park Place Homeowners Association will be responsible for the repair and maintenance of the following:

20. Exterior Siding and Trim shall be cleaned and painted according to a schedule set by the Board of Directors, taking into consideration that some units are more susceptible to weather and normal depreciation. The association shall repair and replace the exterior siding and trim as needed and according to a schedule to be determined by the Board of Directors.
21. Gutters and Down spouts will be cleaned twice a year, according to the schedule set by the Board of Directors, and repaired or replaced as needed.
22. Exterior of Garage and Entrance Doors will be cleaned and painted on a rotating schedule set by the Board of Directors. These doors will be repaired or replaced due to normal wear. Working mechanism repair or replacement for any garage and entrance door shall be the obligation of the owner.
23. Decks will be cleaned and painted according to a rotating schedule, and repaired or replaced due to normal wear. The schedule for repair and replacement to be determined at the direction of the Board of Directors.
24. Roofs, Roof Flashing, and Chimney Caps shall be repaired and replaced when NOT caused by storm damage.

of the Association (a copy of which is attached as Exhibit B), his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 5. Planting in Common Area. Owners need written permission from the Board of Directors of the Association or the Landscape Committee to plant new trees or shrubs. The Association will prune or clip shrubbery, but not replace it. Owners have the privilege of growing annuals or perennials of their own choice at their own expense in existing gardens. (However, any removal or replacement of the annuals or perennials because of personal choice will be done at the expense of the individual owner). Because all ground, except for the "footprint" under each Townhouse is designated as Common Ground, no planting will be allowed in the grassed areas without permission of the Board of Directors of the Association or the Landscape Committee in writing. The plantings of any vegetable plants or artificial flowers must be approved by the Board of Directors of the Association or the Landscape Committee in writing.

ARTICLE IV

MEMBERSHIP, VOTING RIGHTS AND CONTROL

Section 1. Every owner of a townhouse which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Townhouse which is subject to assessment.

Section 2. All rights, duties and privileges of membership shall be as provided in the Bylaws.

Section 3. The Association shall be governed by a Board of Directors in accordance with the Bylaws.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Townhouse, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorney's fees, shall be a charge against the Townhouse and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be and remain the personal obligation of the person who was the Owner of such property at the time

when the assessment fell due.

Section 2. Purpose of Assessments. The assessments or charges levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the maintenance, repair and reconstruction of the exterior of Townhouses and the common roadways, driveways and parking areas and walkways serving the Townhouses and for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, landscaping and grounds maintenance of Common Area, the payment of taxes assessed against the Common Area, the procurement of insurance in accordance with the Bylaws, the employment of attorneys and/or accountants to represent the Association, when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. The maximum annual assessments established above may be increased, effective January 1 of each calendar year, without vote of the membership.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Board of Directors of the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area.

Section 5. This Section has been deleted.

Section 6. Date of Commencement of Annual assessments: Due Dates. The annual assessments shall become effective as provided in Section 3 hereof. The Board of Directors of the Association shall fix the amount of the annual assessment against each Townhouse at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors of the Association. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Townhouse have been paid. A properly executed certificate of the Association as to the status of assessments on a Townhouse is binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the initial rate of twelve percent (12%) per annum. Said rate may be changed from time to time by the Board of Directors of the Association. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of

Directors of the Association to defray the cost of late payment. The Association may, after ninety (90) days, bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, late payment fee, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Townhouse.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a Townhouse. Sale or transfer of any Townhouse shall not effect the assessment lien. However, the sale or transfer of any Townhouse pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors of the Association may, in its sole discretion, determine such unpaid assessments to be an annual or special assessment, as applicable, collectible prorata from all Owners including the foreclosure sale purchaser. Such prorata portions are payable by all Owners. No sale or transfer shall relieve such Townhouse from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

ARTICLE VI

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association will provide exterior maintenance upon each Townhouse, which is subject to assessment hereunder according to the following guidelines:

(A) In the event the need for maintenance, repair, or replacement is caused through the willful, or negligent act of the Owner, his or her family, guests, or invitees, the cost of such maintenance, repair, or replacement incurred by the Association shall be added to and become a part of the assessment to which such Townhouse is subject.

(B) Repairs and/or replacements necessitated by storm damage or the negligence of the Owner will not be the responsibility of the Association, but is the responsibility of the Owner through his or her insurance.

(C) Utility lines, *i.e.* gas, water, electricity, telephone, and t.v., belong either to the Owner or to the utility company, and repair and/or replacement will be the responsibility of either the utility company or the Owner. The Association assumes no responsibility for repair and/or replacement of utility lines.

(D) Owners shall submit plans for exterior changes to Townhouses in writing to the

Board of Directors of the Association for review and approval. In the event there are changes to the original design of a unit which have been approved by the Board of Directors of the Association, the costs of repair and maintaining the changes to the original design shall be the sole responsibility of the Owner of the unit, and the Association will not be responsible for the maintenance or repair of work necessitated by design changes.

(E) Glass replacement/repairs in any Townhouse will be the sole responsibility of the individual Owner, and the Association shall have no responsibility for glass replacement and/or repair.

The Laurel Park Place Owners' Association will be responsible for the maintenance, repair and/or replacement of the following when due to normal wear. The schedule for maintenance, repair and/or replacement to be determined by the Board of Directors of the Association.

(A) Exterior aluminum and vinyl siding and trim shall be cleaned according to a schedule set by the Board of Directors, taking into consideration that some units are more susceptible to weathering. The Association shall repair and/or replace the exterior aluminum and vinyl siding and trim as needed and according to a schedule to be determined by the Board of Directors.

(B) Gutters and down spouts will be cleaned twice a year, according to the schedule set by the Board of Directors, and repaired or replaced as needed.

(C) Exterior of the garage, entrance doors, and the wood trim associated with these areas will be cleaned and painted on a rotating schedule set by the Board of Directors. These doors and trim will be repaired or replaced due to normal wear. Working mechanism repair or replacement for any garage and entrance door shall be the obligation of the Owner.

(D) Decks will be cleaned and painted according to a rotating schedule, and repaired and/or replaced due to normal wear. The schedule for maintenance, repair and replacement to be determined by the Board of Directors.

(E) Shingles, felt, flashing and chimney caps shall be repaired and/or replaced when NOT caused by storm damage.

(F) Mailboxes and mailbox supports will be repaired or replaced when no longer usable.

(G) Crawl space doors will be painted, repaired, or replaced in original condition as deemed necessary by the Board of Directors. If an upgraded door is desired, it must be approved by the Board of Directors. The cost and continued maintenance of an upgraded door will be an expense of the Owner.

(H) Sidewalks will be repaired and maintained as needed provided the damage is not due

to neglect, such as the continued use of salt, or peeling of paint applied to the sidewalk.

ARTICLE VII

INTERIOR MAINTENANCE

Each Owner shall maintain, repair and replace, at his or her expense, all interior portions of the improvements in his or her Townhouse which shall need repair. Further, each Owner shall repair, maintain and replace, at his or her own expense when necessary, the heating and air conditioning systems servicing the dwelling, whether located in the Townhouse or in the Common Area adjacent to same.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Townhouses shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 5. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

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ARTICLE IX

USE RESTRICTIONS

Section 1. Land Use. All Townhouses shall be used for residential purposes only and common recreational purposes auxiliary thereto and for no other purpose. Only one family may occupy a Townhouse as a principal residence at any one time. No Townhouse, or any portion thereof, shall be rented or leased for less than one (1) year. The Owner is responsible for supplying a copy of this document to the residents. The Townhouse owner must inform the Association, in advance, of any sale or rental.

Section 2. Nuisance. No noxious or offensive activity shall be conducted in any Townhouse or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained in any Townhouse, except that dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes. When any household pet is allowed outside of any Townhouse, it shall be kept under control and on a leash while on any Common Area. Owners must make sure to clean up after their pet on both grassed areas and wooded areas

Section 4. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association.

Section 5. Signs. No signs or advertising devices shall be displayed upon any Townhouse which are visible from the exterior of the dwelling or on the Common Area, or in the facilities thereon, without the written permission of the Association. However, temporary "For Sale" signs may be posted on the Properties without written permission of the Association.

Section 6. Garbage Disposal. All garbage shall be stored within the residence of each owner. Garbage containers are to remain inside units until the eve or day of pick up. No Owner may change or supplement the garbage disposal facilities (if any) provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 7. Satellite and Radio Receiving Stations. No satellite and/or radio receiving stations or outside television or ham radio antennae shall be permitted, except as shall be approved or specifically permitted by the Board of Directors of the Association.

Section 8. Regulations. Reasonable regulations governing the use of the Common Area and external appearance of the Townhouses may be made and amended from time to time by the Board of Directors of the Association. Copies of such regulations and amendments thereto shall be furnished to each Member by the Association upon request.

Section 9. Hazardous Activities. Nothing shall be done or kept in any Townhouse or in the Common Area which will increase the rate of insurance on the Common Area or any other unit without the prior written consent of the Board of Directors of the Association. No Owner shall permit anything to be done or kept in his or her Townhouse or in the Common Area which would result in the cancellation of insurance on any Townhouse or any part of the Common Area, or which would be in violation of any law.

Section 10. Yard/Garage Sales. Yard/garage sales are not allowed. An "Estate Sale" may be permitted by the approval of the Board of Directors of the Association in writing, provided no items for sale are displayed outside the Townhouse and the classified ad states that appointments must be made. Residents may request permission from the Board of Directors of the Association to have a "community yard sale" once a year.

Section 11. Personal Items. All clothes, rugs, blankets and other personal items must be hung in an enclosed area and not visible from adjacent homes or the street.

Section 12. Grilling. Grilling is permitted, but must be done at least ten (10) feet from the Townhouse. Grilling on decks is not permitted by North Carolina state law.

Section 13. Constant Care. In the event that an Owner or Tenant is in need of constant care, the Owner, Tenant, or his or her representative shall get prior written approval of the Board of Directors of the Association for a care giver to reside in the unit. A copy of the contract/agreement between the Owner and the health care provider shall be provided to the Board of Directors of the Association. Because each Townhouse has one parking space and a garage for their use, the health care provider should park their care in one of these areas.

Section 14. Commercial Vehicles. No commercial vehicle above a standard two (2) axle, exceeding the gross weight of 80,000 lbs., 8' width, 13 ½' height, 60' length is allowed on the premises. In order to protect lawns, mailboxes, sidewalks and curbing, it is advisable for moving vans to use smaller trucks.

ARTICLE X

EASEMENTS

The Association may reserve and grant easements for the installation and maintenance of driveways, walkways, parking areas, water lines, telephone and electric power lines, cable television lines, sanitary sewer and storm drainage facilities and for other utility installations over the Properties as provided in Article III, Section 2 (c) of this instrument. Each Owner by his or her acceptance of a deed to a Townhouse hereby grants to the Association an irrevocable power of attorney to execute such easements and rights of way.

Within such easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements.

Every Townhouse constructed which contributes to the support of an abutting Townhouse shall be burdened with an easement of support for the benefit of such abutting Townhouse. Further, all attachments to the exterior walls of a Townhouse which are a part thereof but which protrude beyond the delineated boundaries of the Townhouse, and which were constructed in conformity with the plans and specifications, shall be deemed to be included within said delineated boundaries of said Townhouse, and there is hereby reserved an easement to permit the construction of and continued existence of any such protruding attachment.

ARTICLE XI

INSURANCE

Each Owner shall secure and maintain in full force and effect, at such Owner's expense, Home Owners Coverage. If a unit is damaged, it must be replaced or rebuilt to the original specifications.

Each Owner shall secure and maintain in full force and effect, at such Owner's expense, one or more insurance policies insuring Owner's Townhouse and the improvements therein for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring in said Owner's Townhouse, any other Townhouse, or upon the Common Area, in an amount not less than the amount designated by the Association. Owner shall provide the Association with satisfactory evidence that such insurance as herein required is in full force and effect and the

Association will be given thirty (30) days notice prior to the expiration or cancellation of any Owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as herein required, the Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Association against Owner and Owner's Townhouse in accordance with the other provisions of this Declaration, and Owner covenants and agrees to pay to the Association such special assessment upon demand.

This Insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all Townhouses provided the approval of a majority of the Owners is obtained and approval by 75% of the owners and holders of first deeds of trust on the Townhouses is obtained. Such approvals shall be in writing but need not be acknowledged and shall be attached to an amendment to this Declaration, which amendment shall be executed only by the Association and recorded in the Henderson County Public Registry.

ARTICLE XII

CONDEMNATION

Section 1. Partial Taking Without Direct Effect on Townhouses. If part of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that no Townhouse is taken, all compensation and damages for and on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Townhouses, shall be paid to the Board of Directors of the Association, in trust for all Owners and their mortgagees, according to the loss or damages to their respective interest in such Common Area. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Area, without limitation on the right of the Owners to represent their own interests. Such proceeds shall be used to restore the Common Area with the excess, if any, paid to the Owners pro rata. Nothing herein is to prevent Owners whose Townhouses are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Townhouses, or personal improvements therein, exclusive of damages relating to Common Area. In the event that the condemnation award does not allocate consequential damages to specific Owners, but its terms includes an award for reduction in value of Townhouses without such allocation, the award shall be divided between affected Owners and the Board of Directors of the Association as their interest may appear by arbitration in accordance with the rules of the American Arbitration Association.

Section 2. Partial or Total Taking Directly Affecting Townhouses. If part or all of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that any Townhouse or a part thereof (including specific easements assigned to any Townhouse) is taken, the Association shall have the right to act on behalf of the Owners with

respect to Common Area as provided in Section 1 of this Article and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Townhouses. All compensation and damages for and on account of the taking of any one or more of the Townhouses, or personal improvements therein, shall be paid to the Owners of the affected Townhouses and their mortgagees, as their interests may appear.

Section 3. Notice to Mortgagee. A notice of any eminent domain or condemnation proceeding shall be sent to holders of all first mortgages.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Fines for designated infractions of the Covenants and Bylaws may be levied by the Board of Directors of the Association.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by the Owners of not less than sixty-six and two-thirds percent (66 2/3%) of the Townhouses, and thereafter by an instrument signed by the Owners of not less than fifty-one percent (51%) of the Townhouses. Any amendment must be properly recorded in the office of the Register of Deeds for Henderson County, North Carolina.

Section 4. This Section has been deleted.

BYLAWS
OF
LAUREL PARK PLACE OWNERS' ASSOCIATION

ARTICLE I

NAME AND LOCATION

Section 1 Name. The name of the corporation is LAUREL PARK PLACE OWNERS' ASSOCIATION, hereinafter referred to as the "Association".

Section 2 Location. The principal office of the corporation shall be located in Henderson County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE II

DEFINITIONS

Section 1 "Association" shall mean and refer to LAUREL PARK PLACE OWNERS' ASSOCIATION, a North Carolina non-profit corporation, its successors and assigns.

Section 2 "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 3 This Section has been deleted.

Section 4 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Henderson County, North Carolina.

Section 5 "Townhouse(s)" shall mean and refer to the attached single-family dwelling unit(s) on properties described in Exhibit A.

Section 6 "Member" shall mean and refer to every person or entity who holds membership in the Association.

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Section 7 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title

to any Townhouse which is a part of the Properties, including contract sellers, but excluding having such interest merely as security for the performance of an obligation.

Section 8 "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1, of the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1 Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association. All subsequent annual meetings of the Members shall be held as determined by the Board of Directors.

Section 2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors as hereinafter provided, or upon written request of the Members who are entitled to vote forty-percent (40%) of all the votes appurtenant to the Townhouses.

Section 3 Place of Meetings. All meetings of the Members shall be held at such place, within Henderson County, North Carolina, as shall be determined by the Board of Directors of the Association.

Section 4 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than fifty (50) days before the date of such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member of the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 5 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, two-tenths (2/10) of the votes appurtenant to the Townhouses shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Townhouse.

Section 7 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him at the time and place thereof, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 8 Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE IV

BOARD OF DIRECTORS

Section 1 Number. The business and affairs of the Association shall be managed by a Board of five(5) Directors, who must be Members of the Association.

Section 2 Appointment by Declarant. This Section has been deleted.

Section 3 Term of Office. All Directors will serve for a term of two (2) years. For the purposes of having experienced Board members at all times, the annual elections will alternate between two Directors one year and three Directors the next year. Each Director shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor is elected and qualifies.

Section 4 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two other members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.

Section 5 Election. Except as provided in Sections 2 and 6 of this Article, Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Each Townhouse shall be entitled to one vote.

Section 6 Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Except as provided in Section 2 of this Article, in the event of death, resignation or removal of a Director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

Section 7 Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

MEETINGS OF DIRECTORS

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

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

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

Section 4 Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5 Chairman. A Chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors and serve until a new President is elected.

Section 6 Liability of the Board. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration of these Bylaws. It is intended that the members of the Board of Directors shall have not personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Owner(s).

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1 Powers. The Board of Directors shall have power to:

- (a) Adopt and publish rules and regulations

governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

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

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) Employ attorneys and accounts to represent the Association when deemed necessary;

(g) Grant easements for the installation and maintenance of sewerage, utilities, cable television, or drainage facilities upon, over, under or across the Common area without the assent of the Membership when such easements are requisite for the convenient use and employment of the Properties;

(h) Appoint and remove at pleasure all Officers, agents and employees of the Association, prescribe their duties, fix

their compensation and require of them such security or fidelity bond as it may deem expedient.

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

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to at least forty-percent (40%) of the votes appurtenant to the Townhouses;

(b) Supervise all Officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Townhouse at least thirty (30) days before January 1 of each year;

(2) Send written notice of each assessment to every owner subject thereto at least fifteen (15) days before its due date and before January 1 of each year;

(3) Foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the owner personally obligated to pay the same;

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

evidence of such payment.)

(e) Procure and maintain adequate liability insurance covering the Association and the Directors and Officers thereof, and adequate hazard insurance on the property owned by the Association;

(f) Cause all Officers or employees having fiscal responsibility to be bonded, as it may deem appropriate;

(g) Cause the Common Area to be maintained; and

(h) Cause the exterior of the dwellings to be maintained

ARTICLE VII

OFFICERS AND THEIR DUTIES

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

Section 2 Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3 Term. Each Officer of the Association shall be elected annually by the Board and shall hold office for one (1) year or until his or her death, resignation, retirement, removal, disqualification, or his or her successor is elected and qualifies.

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

Section 5 Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the

Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

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

Section 8 Compensation. No Officer shall receive any compensation from the Association for acting as such.

Section 9 Duties. The duties of the Officers are as follows:

PRESIDENT

The President shall be the principal executive Officer of the Association, shall be subject to the control of the Board, and shall supervise and control the management of the Association. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

VICE-PRESIDENT

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

SECRETARY

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requirement said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records

showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

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

ARTICLE VIII

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

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

ARTICLE X

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments

which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the initial rate of twelve percent (12%) per annum, plus such late charge as may be established by the Board of Directors, and after ninety (90) days, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Said interest rate may be changed from time to time by the Board of Directors. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Townhouse.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form, having within its circumference the words: LAUREL PARK PLACE OWNERS' ASSOCIATION.

ARTICLE XII

AMENDMENTS

Section 1 This Section has been deleted.

Section 2 These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of Incorporation.

ARTICLE XIV

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

The Association shall indemnify any Director or Officer or former Director or Officer of the Association, or any person who

may have served at the request of the Association as a Director or Officer of any corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association, as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article XIV, or elsewhere in these Bylaws, shall operate to indemnify any Director or Officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE XV

ARBITRATION

Any claim which shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration or under any applicable law, and judgement upon the aware may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of any such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the Director(s), one by the Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him/them. If the Director(s) or the Owner(s) shall refuse or fail to so name an arbitrator within thirty (3) days after written notice from the other party requiring the naming of an arbitrator, then the arbitrator so named by the party not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as if he were an arbitrator appointed by both parties for that purpose, and his aware in writing signed by him shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings hereunder shall be conducted in Hendersonville, North Carolina.

"EXHIBIT A"

31147

P 031

BEGINNING at an iron pin located in the northern margin of Pisgah Drive (S.R. 1302), said iron pin being the southeasternmost corner of the Health Care Investors, Inc. property as described in a Deed recorded in Deed Book 719 at Page 650, Henderson County Registry, and running thence from said beginning point with the margin of Pisgah Drive, South 62° 35' 01" East 131.10 feet to an iron pin and South 63° 10' 21" East 180.09 feet to an iron pin being the southwestern corner of Lot 12 of the Laurel Park Village Office Park, as shown on a plat recorded in Plat Cabinet A at Slide 166-A, Henderson County Registry; thence with the western line of Lot 12 and Lot 11 of said subdivision, North 33° 29' 35" East 419.94 feet to an iron pin being the northwest corner of Lot 11; thence with the northern line of Lot 11 and Lot 10 South 68° 32' 58" East 621.02 feet to a concrete monument, being the northeast corner of Lot 10; thence South 68° 32' 58" East 129.60 feet to an iron pin; thence North 13° 07' 02" East 463.64 feet to a 30" marked white oak; thence North 58° 44' 02" West 160.69 feet to a concrete monument; thence North 41° 29' 02" West 705.38 feet to a planted stone; thence North 84° 34' 33" West 350.52 feet to an iron pin, being the northeastern corner of the property described in Deed Book 719 at Page 650, above referred to; thence with the line of said property the following two calls: South 14° 15' 42" West 683.35 feet and South 27° 23' 04" West 414.74 feet to the point and place of BEGINNING, containing 19.35 acres, more or less.

Said property being a portion of the property described in the following three Deeds: Deed Book 614 at Page 279, Deed Book 614 at Page 283 and Deed Book 724 at Page 135.

Subject to the right of way of Pisgah Drive (S.R. 1302).

RCR