

**BYLAWS
OF
HAWTHORNE PROPERTY OWNERS' ASSOCIATION, INC.
A NORTH CAROLINA NONPROFIT CORPORATION
EXISTING UNDER THE LAWS
OF
THE STATE OF NORTH CAROLINA**

Article I. Identity

These are the Bylaws of Hawthorne Property Owner's Association, Inc., a North Carolina nonprofit corporation (the "Association"), the Articles of Incorporation (the "Articles") of which have been filed in the office of the North Carolina Secretary of State.

For purposes of these Bylaws, terms specifically defined in the Restrictive Covenants (the "Covenants") filed for the Association in the office of the Register of Deeds of Granville County, North Carolina, or in the Charter of said Association shall have the same meaning.

Article II. Qualifications and Responsibilities of Members

2.1 Members.

Each lot owner ("Owner") shall be a member ("Member") of the Association and shall remain a member until said Owner ceases to hold title to property located within Hawthorne Subdivision (the "Subdivision").

2.2 More Than One (1) Owner.

When there is more than one (1) Owner of a lot, all such persons holding title shall be Members of the Association.

2.3 Registration.

It shall be the duty of each lot Owner to register his or her name and address and the number of the lot belonging to said Owner, together with the name and address of his or her first mortgagee, if any, in writing with the Secretary of the Association (the "Secretary"). If a lot Owner does not so register, the Association shall be under no obligation to recognize the membership of said Owner.

2.4 Prohibition of Assignment.

The interest of a Member in the assets of the Association cannot be transferred or encumbered, except as an appurtenance to his or her lot.

ARTICLE III. Members' Meetings and Voting

3.1 Place.

Meetings of the Members of the Association shall be held at the registered office thereof, or at such other place within the State of North Carolina as may be designated from time to time by the Board of Directors of the Association (the "Board").

3.2 Annual Meeting.

The Members shall meet at least once each year as specified in the notice of such meeting given pursuant to Section 3.4 hereof. At each annual meeting, the Members shall elect the members of the Board ("Directors") and may transact any other business properly coming before them.

3.3 Special Meetings.

Special meetings of the Members may be called at any time by the President of the Association (the "President") or by the Board and shall be called and held within thirty (30) days after written request therefor signed by Members entitled to cast at least fifty percent (50.0%) of the total votes in the Association is delivered to any officer ("Officer") or Director of said Association. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

3.4 Notices.

Notice of all meetings of the Members, stating the time and place and accompanied by a complete agenda thereof, shall be given by the President or Secretary to each Member. Such notice shall be in writing and shall be hand-delivered or sent by United States mail to the Members at the addresses of their respective lots, or to such other addresses as any Members may have designated to the President or the Secretary, at least fifteen (15) days, but not more than sixty (60) days, in advance of any annual or regularly scheduled meeting and at least fifteen (15) days in advance of any other meeting.

3.5 Quorum; Adjournment if No Quorum.

A quorum shall consist of Members present, in person or by proxy, entitled to cast at least sixty percent (60.0%) of the total votes in the Association. If a quorum is not present, the meeting shall be adjourned until such time as a quorum is present.

3.6 Votes; Association Shall Not Vote.

The Association shall have two (2) classes of voting membership:

- Class A Class "A" members shall be all owners with the exception of Panara Development, LLC, its successors and assigns, (the "Developer"), and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot. Fractional voting is prohibited. In the event that two or more lots are recombined to form one lot, the owner of the new lot shall only be entitled to one vote for the new lot. Likewise, in the event that one lot is subdivided to form two or more lots, the owners shall be entitled to one vote per new lot.
- Class B The Class "B" members(s) shall be Panara Development, LLC, its successors and assigns and shall be entitled to six (6) votes for each existing lot or for each lot as may be developed from the property reserved for future phases of Hawthorne Subdivision as provided in the Declaration of Covenants, Conditions, Easements and Restrictions for Hawthorne Subdivision recorded in Deed Book 1073, Page 134, Granville County Registry.

3.7 Manner of Casting Votes.

Votes may be cast in person or by proxy. A proxy must be in writing, signed by all Owners of the lot the vote(s) of which are subject thereto, given to another Member or to a security holder in that lot only, and filed with the Secretary before the meeting. A proxy shall be valid until revoked in writing by all Owners of such lot.

3.8 Required Votes.

All questions shall be decided by a majority of the votes cast on said questions, unless the provisions of applicable law, the Covenants, or these Bylaws require a greater vote.

3.9 Waiver of Notice.

Any lot Owner, at any time, may waive notice of any meeting of the Association, in writing, and such written waiver shall be deemed equivalent to the giving of such notice. Attendance by a lot Owner at any meeting of the Association shall constitute a waiver of notice by him or her of the time and place thereof, except where a lot Owner attends a meeting for the express purpose of objecting to the transaction of business because the meeting was not lawfully called. If all lot Owners are present at any meeting of the Association, no notice shall be required, and any business may be transacted at such meeting.

3.10 Action by Members without Meeting.

Any action that may be taken at a meeting of the Members may be taken without a meeting, if such action is authorized in writing, setting forth the action taken and signed by all Members, or if such action is taken in any other manner permitted by law.

3.11 Prohibition of Cumulative Voting.

There shall be no cumulative voting.

Article IV. Directors

4.1 First Board.

The initial Board shall consist of those five individuals elected at the first annual meeting of the Members.

4.2 Number and Qualifications of Directors.

The Board shall consist of five (5) natural persons, as determined at any annual meeting of the Members. Each Director, other than those appointed by the Developer, shall be a Lot Owner or the individual nominee of a Lot Owner, if other than an individual.

4.3 Election of Directors.

At the first annual meeting of the Members, and at each subsequent annual meeting, the Members shall elect the Directors by a majority of the votes cast in the election. Notwithstanding the provisions of these Bylaws, as long as the Developer owns five or more lots, the Developer shall be entitled to appoint three of the five Directors. The remaining two shall be elected by the Members.

4.4 Term.

The terms of the Directors shall be staggered so that at least one (1), but not more than three (3), of said Directors is elected at any one (1) meeting and so that no Director's term is less than one (1) year nor more than three (3) years. The Directors shall establish rules to implement the provisions of this section. Once elected, a Director shall hold office until his or her successor has been duly elected and has qualified.

4.5 Removal.

Any Director elected by the Members may be removed, with or without cause, by a vote of the Members entitled to cast at least sixty percent (60.0%) of the total votes in the Association, at a special meeting called for such purpose, and a successor may then be elected by the Members to serve for the balance of the removed Director's term.

4.6 Vacancies.

Any vacancy in the Board arising from death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his or her predecessor in office.

4.7 Regular Meetings.

A regular meeting of the Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally, or by mail, telephone, or telegraph, at least seven (7) days prior to the meeting.

4.8 Special Meetings.

Special meetings of the Board may be called by the President or the Secretary and held within ten (10) days after written request therefor, signed by two (2) Directors, is delivered to any other Director or to the President or the Secretary. Not less than seventy-two (72) hours' notice of such special meeting shall be given personally or by mail, telephone, or telegraph to each Director, provided that, in the event the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place, and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

4.9 Quorum; Adjournment If No Quorum.

A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned until such time as a quorum is present. The signing by a Director of the Minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

4.10 Manner of Acting.

Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board, unless the act of a greater number is required by the provisions of applicable law, the Covenants, or these Bylaws.

4.11 Board Action without Meeting.

Any action that may be taken at a meeting of the Board may be taken without a meeting, if such action is authorized in writing, setting forth the action taken and signed by all Directors.

4.12 Compensation of Directors Restricted.

Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

4.13 Powers and Duties of the Board.

All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, applicable statutes, the Covenants, the Articles, and these Bylaws, as any thereof may from time to time be amended, provided, however, that no amendment shall alter any obligation to pay assessments levied against lots for the maintenance of roads and appropriate open space maintenance, until these responsibilities are expressly assumed by some other entity. Such powers and duties shall be in accordance with the provisions of applicable law, the Covenants, the Articles, and these Bylaws and shall include, but not be limited to, the following:

(a) To prepare and provide to Members annually a report containing at least the following:

(i) A statement of any capital expenditures in excess of two percent (2.0%) of the current budget or Five Hundred and 00/100 Dollars (\$500.00), whichever is greater, anticipated by the Association during the current or succeeding two (2) fiscal years;

(ii) A statement of the status and amount of any reserve or replacement fund, and any portion thereof, designated for any specified project by the Board;

(iii) A statement of the financial condition of the Association for the last fiscal year;

(iv) A statement of the status of any pending suits or judgments in which the Association is a party;

(v) A statement of the insurance coverage provided by the Association; and

(vi) A statement of any unpaid assessments payable to the Association, identifying the lot number, the lot Owner, and the amount associated with each of such unpaid assessments.

(b) To adopt and amend budgets and to determine and collect assessments to pay the common expenses of the Association;

(c) To regulate the use of, and to maintain, repair, replace, modify, and improve the community areas (the "Community Areas") and roads of the Subdivision until accepted for maintenance by the North Carolina Department of Transportation;

(d) To adopt and amend rules and regulations (the "Rules and Regulations") for the Subdivision and to establish reasonable penalties for infraction thereof;

(e) To enforce the provisions of the Covenants, the Articles, these Bylaws, and the Rules and Regulations by all legal means, including injunction and recovery of monetary penalties;

(f) To hire and terminate managing agents and to delegate to said agents such powers and duties as the Board shall determine, except as are specifically required by the Covenants, the Articles, or these Bylaws to be performed by the Board or the Members;

(g) To hire and terminate agents and independent contractors;

(h) To institute, defend, intervene in, or settle, in its own name, any litigation or administrative proceedings on behalf of itself or two (2) or more lot Owners regarding matters affecting the Community Areas or the streets constructed in or more than one (1) of the lots comprising the Subdivision;

(i) To establish and dissolve or liquidate, from time to time, reserve accounts for any purpose;

(j) To borrow money for the maintenance, repair, replacement, modification, or improvement of the Community Areas or the streets of the Subdivision and to

pledge and pay assessments, and any and all other revenue and income, for such purpose;

(k) To buy Subdivision lots in foreclosure of an assessment lien, or at any other time or for any other reason, and to sell, lease, mortgage, and otherwise deal with lots from time to time owned by the Association;

(l) To impose and receive payments, fees, and charges for the use, rental, or operation of the Community Areas and such portions of the Subdivision that provide access to the lots;

(m) To grant leases, licenses, concessions, and easements in, to, through, and over the Community Areas;

(n) To impose and collect reasonable charges, including reasonable costs and attorney's fees, for the evaluation, preparation, and recordation of amendments to the Covenants or for certificates of unpaid assessments;

(o) To provide for indemnification of the Association's officers and Directors and to maintain liability insurance for said officers and Directors;

(p) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Covenants, these Bylaws, or the Rules and Regulations;

(q) To seek acceptance for maintenance by the State of North Carolina Department of Transportation of the streets within the Subdivision; and

(r) To keep and maintain written Minutes of all meetings and the resolutions, actions, and proceedings relating thereto.

Article V. Officers

5.1 Designation of Officers.

The officers of the Association shall consist of the President, a Vice President, the Secretary, and a Treasurer. Each officer shall be a lot Owner or the individual nominee of a lot Owner if other than an individual. A person may hold one (1) or more of such offices at one (1) time. The Board may elect an Assistant Secretary or Assistant Treasurer and such other officers as in its judgment may be necessary.

5.2 Election of Officers.

Officers of the Association shall be elected by the Board. Election shall be held annually at the first meeting of the Board held after the annual meeting of the members.

5.3 Term.

Each officer shall serve until his successor has been duly elected and has qualified.

5.4 Removal.

Any officer may be removed, with or without cause, and without notice, by the Board.

5.5 Vacancy.

Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

5.6 Powers and Duties of Officers.

(a) President.

The President shall be the chief executive officer of the Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the Board and of the members, and the general supervision of officers in the management of the business and affairs of the Association; and shall see that all actions and resolutions of the Board are carried into effect.

(b) Vice President.

The Vice-President shall perform such duties as shall be assigned by the President, and in the absence of the President shall perform the duties and functions of the President.

(c) Secretary.

The Secretary shall keep the minutes of all meetings and actions of the Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Board or the President.

(d) Treasurer.

The Treasurer shall have custody of all intangible property of the Association, including funds, securities, and evidences of indebtedness; shall keep the books of the Association in accordance with good accounting practices and principles, and upon request, shall submit them, together with all vouchers, receipts, and records, and other papers to the Board for examination and approval; shall deposit all moneys and other valuable effects in depositories designated by the Board; shall disburse funds of the Association as directed by the Board; and shall perform all other duties incident to the office of a treasurer of a corporation.

5.7 Execution of Agreements, etc.

All agreements, deeds, mortgages, or other instruments shall be executed by any two officers, or by such other person or persons as may be designated by the Board.

5.8 Compensation of Officers Restricted.

No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

ARTICLE VI. Indemnification of Directors and Officers

The Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by the North Carolina General Statutes as now enacted or hereafter amended.

ARTICLE VII. Fiscal Management

7.1 Depository.

The Board shall designate a depository for the funds of the Association, and may change such depository. Withdrawal of funds from such depository shall be only by checks signed by any officer of the Association as authorized by the Board.

7.2 Fidelity Bonds.

Fidelity bonds may be maintained by the Association, in an amount determined by the Board, covering each director and officer of the Association, any employee or agent of the Association and any other person, handling or responsible for handling funds of the Association.

7.3 Payment Authorization.

Authorization for payment of a bill or obligation of the Association which has been budgeted shall be made by a Board member for any payment to be made by the Treasurer, provided that the Board may delegate such authority to any officer or managing agent of the Association. Any extraordinary expenditure of funds shall be made only with full knowledge and consent of the Board.

7.4. Annual Financial Review.

A financial summary of the accounts of the Association shall be prepared annually by a certified public accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made. The Board of Directors shall be empowered to direct that such review be done as a formal audit if, in their judgment, such audit is needed.

7.5 Fiscal Year.

The fiscal year of the Association shall be the calendar year provided that the Board from time to time, by resolution, may change the fiscal year to some other designated period.

ARTICLE VIII. Assessments

8.1 Obligation of Members to Pay Assessments; Amounts of Levy.

Each Lot Owner shall be personally and severally liable for the Common Expenses that are levied against his Lot while a Lot Owner. Each Lot shall be assessed on a per lot pro rata basis in accordance with the Common Expenses as allocated by the Declaration, as amended.

8.2 Allocation of Common Surplus.

Any common surplus, including funds in reserve accounts, may be allocated to each Lot in accordance with its pro rata percentage of Common Expenses, and, if allocated, shall be owned by the Lot Owner of that Lot, and, if allocated may be paid to the Lot Owner or credited against that Lot's share of Common Expenses subsequently assessed.

8.3 Preparation of Budget and Levying of Assessments.

For each fiscal year the Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. This budget and the adoption thereof shall take place at the Annual Meeting of the Members. After preparation and adoption of each such budget, the Board shall provide each member with a copy, and shall give each member notice of the assessment made against that member's Lot. Such assessment shall be deemed levied upon

notice thereof given by the Board. Such assessment shall not be more than ten percent (10%) greater than the assessment from the previous year unless approved by two-thirds (2/3) of the membership of the Association.

8.4 Assessment a Lien.

Every assessment shall constitute a lien upon each Lot assessed from the date of the assessment is levied, prior to all other liens except only (i) real estate taxes and other governmental assessments or charges against the Lot and (ii) liens and encumbrances recorded before the recordation of the Declaration of Restrictions and Covenants.

8.5 Payment of Assessments.

Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the board in the notice of assessment. Payments shall be made to the Association at such times and in such manner as the Board may from time to time direct.

8.6 Lien As Against First Mortgagees.

The lien of assessments shall be subordinate to the lien of the First Mortgage.

8.7 Funds and Reserves.

All sums collected by the Association from assessments shall be accounted for as directed by the Board. The following Funds may be maintained, if, in the discretion of the Board, such and methods of accounting are desirable for the Association:

(a) Reserve Fund for Repairs and Replacements.

To this fund shall be credited all sums collected for the purpose of effecting repairs and replacements of equipment located on the Community Areas, if any, and the maintenance of the Streets located within the Subdivision until such streets are accepted by the State of North Carolina. The amount designated as needed to be maintained within this reserve fund shall be determined and designated, from time to time, by the Board of Directors of the Association.

(b) General Operating Reserve Fund.

To this fund shall be credited all sums collected to provide a reserve for purposes of providing a measure of financial stability during periods of special stress, and may be used to meet deficiencies from time to time as a result of delinquent payments of assessments and other contingencies.

(c) Maintenance Fund.

To this fund shall be credited collections of assessments for all Common Expenses for the current year as well as common profits and surplus from the previous year, and not to be credited to either of the above reserve funds.

(d) Working Capital Fund.

All funds, if any, received by the Association for the initial working capital fund of the Association, to defray unforeseen expenses and/or the cost of additional equipment or services deemed necessary or desirable by the Board, shall be maintained in and segregated in this fund for the use and benefit of the Association.

8.8 Special Assessments.

In addition to the assessments levied pursuant to Section 8.3, the Board, with the approval of two-thirds (2/3) of the membership of the Association, may levy special assessments at such other and additional times as in its judgment are required for:

- (a) Maintenance repair, restoration and reconstruction of the streets.
- (b) Alterations, improvements, and additions to the streets.
- (c) Payment of costs and expenses incurred in curing defaults pursuant to Sections 9.1 and 9.3 hereof.

Special assessments made pursuant to this Section shall be a Common Expense, shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Board and as set out in such notice.

8.9 Common Expenses Benefitting Less Than All Lots.

The Association may assess any item of Common Expenses benefitting less than all of the Lots against the Lots benefitted in proportion to their Common Expense liability.

8.10 Failure to Prepare Budget and Levy Annual Assessment: Deficiencies in Procedure.

The failure of the Board, or delay of the Board, in preparing any budget, and to levy or in levying assessments, shall not constitute a waiver or release of the members' obligation to pay assessments whenever the same shall be determined and levied by the Board. Until a new assessment is levied by the Board pursuant to Section 8.3 each member shall continue to pay the assessment then previously levied pursuant to Section 8.3 in the same amount and at the same periodic times as levied or as the Board may otherwise advise in writing. Also, any deficiencies

or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

8.11 Assessment Roll; Certificate.

All assessments shall be set forth upon a roll of the Lots, which shall be available in the office of the Association for inspection at all reasonable times by members and Security Holders, and their duly authorized representatives. Such roll shall include, for each Lot, the name and address of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to a Lot Owner, or his authorized agent, a recordable certificate setting forth the amount of unpaid assessments currently levied against his Lot. The certificate shall be furnished within 7 business days after receipt of the request and shall be binding upon the Association and all Lot Owners. For such certificate, a reasonable fee may be charged by the Board.

8.12 Default and Enforcement.

Any assessment or special assessment which is not paid within the month in which it is due, shall bear interest from the due date at the rate of Eight percent (8%), together with all expenses, including attorney's fees, incurred by the Association in any proceeding brought to collect such unpaid assessment or special assessment. The board of Directors, in the name of the Association, shall have the right and duty to bring an action at law for recovery of such unpaid assessment or special assessment, together with interest and expenses, including attorneys' fees, against the Lot owner personally obligated to pay the same, or foreclose the lien against the Lot in a like manner as a note secured by a deed of trust on real property. No Lot owner may waive or otherwise avoid liability for the assessments or special assessments provided for herein by non-use of the streets or by abandonment of a Lot. The Board of Directors shall notify the holder of the first mortgage on any Lot for which any charge or assessment or special assessment levied pursuant to these Bylaws, the Articles of Incorporation or the Declaration of Restrictions and Covenants, as amended, becomes delinquent for a period in excess of thirty (30) days and in any other case where the Lot owner is in default with respect to the performance of an obligation hereunder for a period in excess of sixty (60) days.

If any action is taken by the Association to foreclose a lien on a Lot because of unpaid assessments, the Lot Owner shall be required to pay a reasonable rent for the use of the Lot during the period of redemption from such foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same.

In addition to the foregoing, and without waiving its lien, the Association may sue to obtain a money judgment for the amount of any delinquent assessment, or installment thereof, together with interest, and the members so sued and liable for such assessment shall pay all costs of collection, including reasonable attorney's fees, with interest thereon at the same rate as charged on the assessments being collected from the dates incurred until paid, as set forth in the Declaration of Restrictions and Covenants for Hawthorne Subdivision.

8.13 Interest on Delinquent Assessments.

Assessments, or installments thereof, paid before they become delinquent, shall not bear interest, but all delinquent sums shall bear interest at the rate of Eight percent (8%), from the date delinquent until paid. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the *same priority as* the assessment on which such interest accrues.

8.14 Common Expenses.

Common Expenses shall mean and include all sums declared Common Expenses by any specific provision of these Bylaws or the Declaration of Restrictions and Covenants, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the streets; premiums for any and all insurance maintained by the Association, including any deductible or co-insurance amount not covered by insurance; utility not charged directly to Lot Owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to Section 4.13(h) hereof; deficits remaining from any prior assessment period; the cost, including fees and interest, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Elements or the Property by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the streets, or any part thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article VI hereof.

ARTICLE IX. Compliance, Enforcement. Fines and Penalties

9.1 Default and Remedies.

A default in or failure to comply with any of the terms, conditions, obligations, and provision of the Declaration of Restrictions and Covenants, as amended, these Bylaws, the Articles, or the rules and regulations, as the same may be amended from time to time, by any Lot Owner or Occupant, shall be grounds for relief that may include, without intending to limit the same or to constitute an election of remedies, an action to recover fines and penalties as determined by the Board, sums due for damages, an injunction, or any combination thereof, and which relief may be sought by the Association, an aggrieved Lot Owner, or by any person or class of persons adversely affected. Also, if any member fails to perform any obligation under the Declaration of Restrictions and Covenants, as amended, these Bylaws, the Articles or such rules and regulations, then the Association may, but is not obligated to, perform the same for the members account, and for such purpose may enter upon his Lot, may make necessary repairs, advance expenses or other sums necessary to cure the default, and for such expenses and costs may levy a special assessment against the Lot owned by such defaulting member. The Association also shall be entitled to suspend the right of a defaulting Lot Owner to vote as a member of the Association until the Default is cured.

9.2 Notice of Default and Failure to Cure.

In the event of any such default or failure, the Board shall serve upon or mail to the defaulting member, and to the First Mortgagee of that member's Lot when required under the Declaration of Restrictions and Covenants, a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall, be effected. Within the time limit specified in the notice, the defaulting member may cure the default specified, or serve upon or mail a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a notice specifying the time and place for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deems necessary or desirable. The board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting member and each such First Mortgagee. The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing such testimony, the board, at the hearing or at such later time, shall determine, in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, or to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Board due to such default. If the defaulting member (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so requests a hearing, but fails to cure the default (to the extent not waived by the Board) within the extended time, if any, granted by the Board after hearing, then the Board shall serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a written notice of such member's failure to effect a cure, and the Board may then proceed to take such action as it deems necessary to obtain relief.

9.3 Remedy of Abatement in Addition to Other Remedies.

In the event a member fails to effect the cure specified by the Board within the time period set out in (i) or (ii) of Section 9.2 hereof, whichever is applicable, where the default is a structure, thing, or condition existing in or on the premises of the member's Lot, the Board, or its duly authorized representative, shall have the right to enter upon the premises of the member's Lot in which, on which, or as to which, such default exists, and summarily to abate and remove, at the defaulting member's expense (and levy and assessment therefor as provided Section 9.1 hereof), the structure, thing, or condition constituting the default, and the Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

9.4 Injunction.

Any person or class of persons entitled to seek relief for any such default or failure may obtain a temporary restraining order, injunction or similar relief, without first using the procedure established by Section 9.2 hereof, if such default or failure creates an emergency or a situation dangerous to persons or property.

9.5 Recovery of Attorneys' Fees and Costs.

In any proceeding arising because of an alleged default by a member, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney fees as may be allowed by the Court, with interest thereon at the rate of Eight percent (8%), from the dates such costs are incurred until paid.

9.6 Non-Waiver of Covenants.

The failure of the Association or of any member thereof to enforce any term, provision, right, covenant, or condition that may be granted by the Declaration of Restrictions and Covenants, as amended, these Bylaws, the Articles or the rules and regulations as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

9.7 Assessment Liens.

Assessment liens shall be enforced pursuant to Article VIII hereof and not pursuant to this Article IX.

ARTICLE X. Amendment of Bylaws

These Bylaws may be amended or repealed and new bylaws may be adopted by the Board of Directors. No bylaw adopted, amended or repealed by the Members shall be re-adopted, amended or repealed by the Board of Directors, unless the bylaw adopted by the Members authorizes the Board of Directors to adopt, amend or repeal that particular bylaw or the bylaws generally.

ARTICLE XI. General Provisions

11.1 Rules and Regulations.

(a) By the Board.

The Board, including the first Board, may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and use of the streets so as to promote the common use and enjoyment thereof by Lot Owners and Occupants and for the protection and preservation thereof. In addition, the Board may adopt such rules and regulations as it deems reasonable and necessary with respect to Lots to provide for the common good and enjoyment of all Lot Owners and Occupants, including, without limitation, the right to adopt such rules and regulations with reference to tenants and leases. In no event shall any rules or regulations be inconsistent or materially more restrictive than the provisions contained in the Declaration of Restrictions and Covenants, and amended, and these Bylaws, with respect to leases or tenants.

(b) By the Association.

Any such rule or regulation adopted by the Board may be amended, modified, or revoked, and new and additional rules and regulations may be adopted, by members at an annual or special meeting of the members. Any such act of the members shall control over any contrary rule or regulation then or thereafter adopted by the Board.

(c) Uniform Application.

All rules and regulations shall be equally and uniformly applicable to all Lot Owners, Occupants and Lots, but need not be equally and uniformly applicable if it is determined that such unequal or non-uniform applications are in the best interest of the Association or if equal and uniform application is not practicable.

(d) Copies Furnished.

Copies of all such rules and regulations and any amendments thereto shall be furnished to all members, and a copy shall be posted or otherwise made available to members at the office of the Association. However, failure to furnish, or post, or make available, such rules or regulations shall not affect in any way their validity or enforce ability.

11.2 Parliamentary Authority.

Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceedings when not in conflict with the Declaration of Restrictions and Covenants, as amended, these Bylaws, the Articles, or any statutes of the State of North Carolina applicable thereto. The chairman of the meeting shall have the authority to appoint a parliamentarian.

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11.3 Compliance with Law Conflict: Severability.

These Bylaws are established in compliance with the law of the State of North Carolina. Should any of the terms, conditions, provisions, paragraphs, or clauses of these Bylaws conflict with any of the provisions of said law, the provisions of said law shall control unless the law permits these Bylaws to override the law, in which event these Bylaws shall control. In the case of any conflict between the provisions of these Bylaws and the Declaration of Restrictions and Covenants, the Declaration of Restrictions and Covenants shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforce ability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

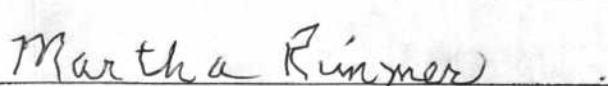
ARTICLE XII. Seal

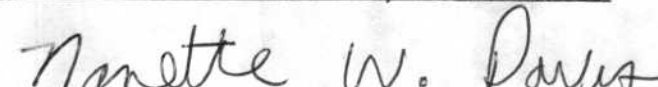
The Owner's Association shall have a seal in circular form having within its circumference the words: Hawthorne Property Owners' Association, Inc., Corporate Seal, Granville, North Carolina.

IN WITNESS WHEREOF, we, being all of the Directors of the Hawthorne Property Owners' Association, Inc., have hereunto subscribed our names and affixed the seal of said Association, this the _____ day of _____, 20____.



Geraldine Husick


David Deane


Martha Rinmer


Nanette W. Davis

