

EXHIBIT D**BY-LAWS OF****THE COURTYARDS ON HOLT HOMEOWNERS ASSOCIATION, INC.****TABLE OF CONTENTS**

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BY-LAWS
OF
THE COURTYARDS ON HOLT HOMEOWNERS ASSOCIATION, INC.

Article I Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is The Courtyards on Holt Homeowners Association, Inc. ("**Association**").

1.2. Principal Office.

The principal office of the Association shall be located in Wake County, North Carolina. The Association may have such other offices, either within or outside North Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

1.3. Definitions.

Unless otherwise specified, the words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Declaration of Covenants, Conditions, and Restrictions for The Courtyards on Holt, executed and recorded by Epcon Holt Road, LLC (with its successors and assigns, the "**Declarant**") in the Office of the Register of Deeds of Wake County, North Carolina (as it may be amended and supplemented from time to time, the "**Declaration**"). The term "**majority**," as used in these By-Laws, means those votes, Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

Article II Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association initially shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration, the rights of which shall vary by class to the extent provided in the Articles of Incorporation, the Declaration, and/or these By-Laws. The Declarant, by recording of the Declaration, and each Owner of a Lot, by accepting record title to the Lot or recordation of a contract of sale, is deemed to consent to membership in the Association. Membership shall be resigned or transferred only upon transfer of title to the Lot as provided in the Declaration. The provisions of the Declaration pertaining to membership and the designations, qualifications, rights, privileges, and obligations of each class of membership are incorporated by this reference.

2.2. Place of Meetings.

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual and Regular Meetings.

The first meeting of the Association, whether a regular or special meeting, shall be held within one year after the date of incorporation of the Association. The Board shall schedule subsequent regular annual meetings to occur during the fourth quarter of the Association's fiscal year, on such date and at such time and place as the Board shall determine. In the Board's discretion, additional regular meetings of the membership may be held in accordance with a schedule for regular meetings published by the Board.

2.4. Special Meetings.

The President or any two members of the Board may call special meetings of the membership. In addition, the President or Secretary shall call a special meeting if so directed by resolution of the majority of the Board and within 30 days after receipt of a written request signed and dated by Members representing at least 10% of all votes entitled to be cast on any issue proposed to be considered, requesting that a special meeting be called and stating the purpose thereof. If the President or Secretary fails to comply with this requirement, then any Owner who signed the petition may call such meeting by giving notice to the Owner of each Unit in accordance with Section 2.5 and Section 9.5.

2.5. Notice of Meetings.

(a) At least 10 days (or at least 30 days if notice is mailed by other than first class, registered, or certified mail) but not more than 60 days before any membership meeting, the President, the Secretary, or other persons calling the meeting shall deliver or cause to be delivered to each Member entitled to vote at such meeting a written notice stating the place, day, and hour of the meeting and the items on the agenda for such meeting, including a description of the general nature of any proposed amendment to the Declaration or these By-Laws, any proposed budget changes, any proposal to remove a director, and any other matter to be put to a vote of the members. If proxies are permitted, the notice shall also state the procedures for appointing proxies. If the meeting is to be held solely by electronic communications or if participation in the meeting is permitted by electronic communications, as described in Section 2.11 below, the notice shall state the form of communications system to be used for the meeting and the means of accessing the communications system. No business shall be transacted at a special meeting except as stated in the notice. Such notice shall be delivered by such means as permitted under Section 9.5.

(b) The Board may set a record date for determining who is entitled to receive notice of a meeting, which shall be no earlier than 70 days before the meeting date. If no record date is fixed by the Board, Members as of the close of business on the business day preceding the day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held, are entitled to notice of the meeting and any person who is a Member on the date of such meeting and eligible to vote shall be entitled to vote on any matter coming before the Members for a vote.

If a record date is set, the Association shall prepare an alphabetical list of the names of all Members entitled to notice of the meeting, showing the address and number of votes each member is entitled to cast, and shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting. Beginning two business days after notice is given of the meeting for which the list was prepared and continuing through the meeting, the list of members shall be available at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held, for inspection by any Member for the purpose of communication with other Members concerning the meeting. The Association shall make the list of Members available at the meeting. Any Member, personally or by or with his representatives, is entitled to inspect the list at any time during the meeting or any adjournment thereof.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting and such waiver shall be filed with the minutes of the meeting in the Association's records. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless the Member or the Member's proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any meeting of the Members cannot be held because a quorum is not present, a majority of the Members who are present or represented by proxy at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called to a different date, time, or place, and notice need not be given of the new date, time, or place, if announced at the meeting before adjournment. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the meeting when originally called, or if for any reason a new date is fixed for reconvening the meeting or a new record date is set after adjournment, the Board shall provide notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings in Section 2.5(a).

Members or their proxies present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the departure of a sufficient number of Members to leave less than a quorum; however, at least a majority of the votes required to constitute a quorum, or such larger percentage as may be required under the Declaration, these By-Laws, or applicable law for specific actions, must approve any action taken. Provisions of the Declaration regarding voting by co-Owners are incorporated herein by this reference.

2.8. Voting.

Members shall have such voting rights as are set forth in the Declaration, which provisions are specifically incorporated by this reference. To the extent permitted by North Carolina law, a membership vote on any matter may be conducted at a meeting or by ballot cast by mail, facsimile transmission, or electronic message as provided in Section 2.12, or by any combination of those methods, as the Board determines appropriate. The Board shall establish voting procedures to provide reasonable assurance that the person casting the vote is the Member or the Member's proxy appointed pursuant to Section 2.9.

2.9. Proxies.

Members may vote in person or by proxy, subject to the limitations of North Carolina law and subject to any specific provision to the contrary in the Declaration or these By-Laws. Every proxy shall be in writing, shall identify the Lot for which it is given, and shall be signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. The Board may, in its discretion, accept proxies filed in person, by mail, by facsimile transmission, or electronically, provided they are signed and the Board has no reason to question the validity of the proxy. The Association shall have no obligation to recognize any proxy that is not actually received prior to the deadline established by the Board for delivery of proxies (which deadline may be earlier for proxies sent via mail, facsimile or electronic transmission). Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable unless otherwise specifically stated in the proxy and coupled with an interest which has not been extinguished. A proxy shall automatically terminate upon: (a) transfer of title to any Lot for which it was given; (b) receipt by the Secretary of written notice of revocation of a revocable proxy or of the death or judicially declared incompetence of the Member who signed the proxy; (c) attendance and voting by the Member at the meeting; or (d) 11 months from the date of the proxy, unless a shorter period is specified in the proxy, in which case the period specified in the proxy shall control, subject to termination due to other events specified in this paragraph.

2.10. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of persons entitled to cast 10% of the total Class "A" votes in the Association shall constitute a quorum at all duly called meetings of the Association, and the casting of ballots representing at least 10% of the total Class "A" votes in the Association shall constitute a quorum for any membership vote conducted by other means pursuant to Section 2.12; provided, if a quorum is not represented at any meeting when originally called, then the quorum for any subsequent attempt to convene such meeting shall be reduced to 50% of the quorum required for the previous meeting. During the Class "B" Control Period and thereafter as long as there is a Class "B" Membership, the presence (or casting of a ballot pursuant to Section 2.12) by a representative of the Declarant shall also be necessary to establish a quorum.

2.11. Conduct of Meetings.

The President shall preside over all meetings of the Association. The Secretary shall ensure that minutes of the meetings are prepared which reflect the adopted resolutions and all other transactions which occurred at such meetings. The minutes shall be kept with the Association's books and records.

The Association may hold membership meetings and allow Members or their proxies to participate in any membership meeting by conference telephone or similar communications equipment or another suitable electronic communications system, including videoconferencing technology or the Internet, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting is to take place at the meeting, the Association must implement measures to verify that every Member and proxy voting at the meeting by means of remote communication is sufficiently identified.

2.12. Action Without a Meeting; Voting by Written or Electronic Ballot.

(a) Any action that the North Carolina Nonprofit Corporation Act requires or permits to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if all Members entitled to vote on such matter sign and submit a written consent or consents specifically authorizing the proposed action. Such consents shall be signed by the Member (or, if the Member is not an individual, by an authorized signatory of the Member), dated, and delivered to the Association within 60 days after receipt of the earliest dated consent. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members at a meeting. Written notice of any action taken pursuant to this section shall be sent to all Members and such action shall be effective 10 days after such notice is sent.

(b) Alternatively, any action that may be taken at a membership meeting may be taken without a meeting if: (i) the Association delivers a written or electronic ballot to every Member entitled to vote on the action, setting forth the proposed action and providing an opportunity to approve or disapprove the proposed action; (ii) the number of votes cast by written or electronic ballot equals or exceeds the quorum required for a meeting to consider such action; and (iii) the number of votes cast in favor of the proposed action equals or exceeds the number of votes that would be required to approve the action at a meeting if the total number of votes cast at such meeting were the same as the number of votes cast by written or electronic ballot.

(c) Voting instructions or solicitation materials in connection with any vote for which ballots are permitted to be cast outside of a meeting must provide instructions for casting the ballot or returning the consent in order to be counted, indicate the number of responses needed to satisfy the quorum requirement, the percentage of votes necessary to approve any action other than election of directors, and a date and time thereafter by which the ballot must be cast or consent returned in order to be counted, which deadline shall be not more than 60 days. A written or electronic ballot or signed consent, once cast or received by the Association, may not be revoked. The Board shall notify the Members of the results of any vote conducted pursuant to this Section 12.2 within 10 days after the expiration of the voting period. A written ballot or written consent may be submitted to the Association by electronic mail transmission, provided that such ballot is accompanied by information indicating that the Member, Member's agent or Member's attorney-in-fact authorized its electronic transmission. Such consents and ballots (or in the case

of electronic balloting, a written record of the results of the balloting) shall be filed with the minutes of the membership and shall have the same force and effect as a vote of the Members at a meeting.

(d) Whenever the governing documents permit action to be taken by affirmative vote or written consent, a written consent or a written or electronic ballot received pursuant to either subsection (a) or subsection (b) above shall constitute written consent for purposes of such provision.

(e) Nothing in this Section shall authorize action without the approval of such persons or entities whose approval is specifically required for such action under the Governing Documents.

Article III Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body: Qualifications.

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Declarant, directors shall be Owners or residents of Lots. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Lot within the Courtyards on Holt. No more than one eligible person from any Lot may serve on the Board at any time. If an Owner is a legal entity, any officer, director, or partner, or any other representative designated in writing by the Owner, shall be eligible to serve as a director unless the Owner otherwise specifies by written notice to the Association; provided, no Owner may have more than one such representative serving on the Board at a time, except in the case of directors appointed by the Declarant.

3.2. Number of Directors.

The Board shall consist of three to five directors, as provided in Section 3.3.

3.3. Selection of Directors; Term of Office.

(a) Initial Board. The initial Board shall consist of the three directors identified in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this Section 3.3.

(b) Directors During Class "B" Control Period. The Class "B" Member shall be entitled to set the number of directors and appoint, remove, and replace the members of the Board in its sole discretion until termination of the Class "B" Control Period.

(c) Directors After the Class "B" Control Period.

(i) Not later than 90 days after termination of the Class "B" Control Period, the President shall call for an election by which the Class "A" Members shall be entitled to elect all five directors. Three directors shall serve a term expiring at the second annual meeting following the six-month anniversary of their election and two directors shall serve a term expiring at the first annual meeting following the six-month anniversary of their election, as such directors determine among themselves.

(ii) Upon expiration of the term of office of each director elected by the Class "A" Members, Class "A" Members shall be entitled to elect a successor to serve a term of two years. Directors elected by the Class "A" Members shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

Diagram 3.1 illustrates the concept of transition of control of the Board of Directors during and after the Class "B" Control Period.

TRANSITION OF CONTROL OF BOARD OF DIRECTORS	
Initial Board	90 Days After Termination of Class "B" Control Period
Class B	Class A
Class B	Class A
Class B	Class A
	Class A
	Class A

Diagram 3.1 Transition of Control of Board

3.4. Nomination and Election Procedures after Class B Control Period.

(a) Nomination of Candidates. The Board may appoint a Nominating Committee to nominate candidates for election to any position on the Board to be filled by the votes of Class "A" Members. Any Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Class "A" Members or representatives of Class "A" Members who are legal entities. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates. Alternatively, or in addition, the Board may solicit nominations in writing from the Members. Nominations shall also be permitted from the floor at any meeting at which an election is held, or by write-in on any ballot, in case of an election pursuant to Section 2.12.

At least 30 days prior to each election, the Board shall notify the Members of the date of the upcoming election, the number of candidates to be elected by the Class "A" Members at such election, and the term for which they are to be elected. If the Board has appointed a Nominating Committee, the notice shall identify the members of the Nominating Committee by name, provide their address and other contact information, invite Members to make recommendations to the Nominating Committee of potential candidates for such election, and provide a deadline for submitting such recommendations. If the Board has not appointed a Nominating Committee, the notice shall solicit nominations from among the Members and specify the form for making nominations, the person and address to which they should be directed, and the deadline for submission. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes prior to the election.

(b) Election Procedures. For each election, voting shall be by written or electronic ballot. Each Class "A" Member may cast all vote(s) assigned to its Lot(s) for each position to be filled by Class "A" votes. Cumulative voting shall be permitted, provided that either the meeting notice states that cumulative voting will take place or the procedures set forth in N.C.G.S. §55A-7-25 are followed. That number of candidates equal to the number of positions to be filled by Class "A" votes receiving the greatest number of votes shall be elected. The Association shall publish the names and addresses of all directors and officers within 30 days after any election of directors.

3.5. Removal of Directors and Vacancies.

Any director elected by Class "A" votes may be removed, with or without cause, by the vote of Members holding a majority of the Class "A" votes. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director by the Class "A" Members, a successor shall be elected by the Class "A" Members to fill the vacancy for the remainder of the term of such director.

Any director elected by Class "A" votes who has three consecutive unexcused absences from Board meetings may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director elected by Class "A" votes, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next election of directors by the Class "A" Members, at which time the Class "A" Members may elect a successor for the remainder of the term.

Declarant, in its capacity as such, shall have no right unilaterally to remove or replace directors elected by the Class "A" Members (but may cast any Class "A" votes it holds for or against the removal of directors), and neither the Class "A" Members nor the Board shall have any right to remove or replace directors appointed by the Class "B" Member or the Declarant. The Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by the Declarant.

B. Meetings.

3.6. Organizational Meetings.

The first meeting of the Board shall be held immediately following each annual meeting of the membership.

3.7. Regular Meetings.

Regular meetings of the Board may be held at such time and place as a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.8. Special Meetings.

Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two of the directors then in office.

3.9. Notice: Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, computer, or other electronic mail, messaging, or communication device, with printed confirmation of successful transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or mailing or physical address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic communication shall be delivered or transmitted at least 48 hours before the time set for the meeting.

(b) To the extent practical, the Board shall communicate the date, time, and place of regularly scheduled Board meetings by publication in a community newsletter, on a community website, or by electronic mail or other means reasonably designed to make such information available to the Members.

(c) Transactions of any Board meeting, *however called and noticed or wherever held*, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings.

(a) Members of the Board or any committee that the Board appoints may participate in a meeting of the Board or committee by conference telephone, video conference, or similar communications equipment, provided all persons participating in the meeting can hear each other simultaneously.

(b) A meeting of the Board, or of any committee designated by the Board, may be held by means of a "virtual" or remote electronic communications system, including videoconferencing technology or the Internet, but only if (i) each person entitled to participate in the meeting consents to the meeting being held by means of that system; and (ii) the system permits each person participating in the meeting to communicate concurrently with each other participant.

(c) Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

3.11. Quorum of Board; Voting.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration or by North Carolina law.

A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of some directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Board members may not vote by proxy. Voting may be conducted at a meeting or by written consents without a meeting in accordance with Section 3.14.

3.12. Conduct of Meetings.

The President shall preside over all meetings of the Board and the Secretary shall ensure that minutes are recorded in a minute book and that a record is made of all Board resolutions, and all transactions and proceedings occurring at such meetings.

3.13. Open Meetings; Executive Session.

(a) Board meetings shall be open to all Members. The Board shall provide Members an opportunity during a portion of each Board meeting to speak to the Board about their issues and concerns. The Board may place reasonable restrictions on the number of persons who may speak on each side of an issue and reasonable time restrictions on the persons who speak.

(b) In any Board meeting, upon motion and affirmative vote of the Board, the Board may adjourn and reconvene in executive session, restricting attendance to directors and such attorneys, contractors, or other persons as the Board may specifically invite to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters and such other matters as the North Carolina Nonprofit Corporation Act may specifically authorize.

3.14. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if all of the directors sign a written consent or consents, setting forth the action so taken. Such consent(s) shall have the same force and effect as though taken at a meeting of the directors. Consents may be filed electronically in accordance with Section 2.12.

C. **Powers and Duties.**

3.15. Powers.

The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on behalf of the Association all acts and things except those which the Governing Documents or North Carolina law require to be done and exercised exclusively by the membership. Board determinations as to the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable.

3.16. Duties.

Duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;
- (b) levying and collecting such assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;
- (d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's best judgment, in depositories other than banks;
- (f) making and amending Restrictions and Rules in accordance with the Declaration;
- (g) opening bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;
- (i) determining when action to enforce the Governing Documents is appropriate and the nature of any sanctions to be imposed and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;
- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the Association's receipts and expenditures;

(m) making available to any prospective purchaser of a Lot, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Lot, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 9.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Courtyards on Holt;

(o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required by North Carolina law, the Articles and these By-Laws; and

(p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

Article IV Officers

4.1. Officers.

Officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members. Other officers may, but need not be, Board members. The Board may appoint such other officers as it shall deem desirable including one or more Assistant Secretaries and one or more Assistant Treasurers. Such officers will have the authority and will perform the duties as the Board prescribes. One person may hold two or more offices, except that the offices of President and Secretary shall be held by different persons.

4.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Members, to serve until their successors are elected. The Association shall give or publish notice to the Members of the names and addresses of all officers within 30 days after any election of directors or any change in officers of the Association.

4.3. Resignation, Removal, and Filling of Vacancies.

(a) 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 the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove any officer whenever in its judgment the best interests of the Association will be served.

(c) The Board may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the chief executive officer of the Association. The Secretary shall be responsible for preparation of minutes of the

directors' and members' meetings and for authenticating records of the Association. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board, shall sign all checks and promissory notes of the Association, shall keep proper books of account. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Article V Committees

5.1. General.

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee.

In addition to any other committees that the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three Members who are neither officers nor directors of the Association, nor the spouse, parent, sibling, or child of any officer, director or employee. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article VIII of these By-Laws. The Covenants Committee shall have no responsibility for seeking out violations of the Governing Documents.

Article VI Standards of Conduct; Liability; and Indemnification

6.1. Standards for Directors and Officers.

The Board shall exercise its powers in a reasonable, fair, and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

In performing their duties, directors and officers shall act as fiduciaries and shall be insulated from liability as provided for directors of corporations under state law and as otherwise provided by the Governing Documents. Directors and officers shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in good faith, in a manner that the director or officer believes to be in the best interest of the corporation, and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under the North Carolina Nonprofit Corporation Act.

6.2. Liability.

The officers, directors, and committee members of the Association shall not be liable for any mistake of judgment, negligent or otherwise, or for any action taken or omitted in such capacities, except for their own individual willful or wanton misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association).

6.3. Indemnification.

Subject to the limitations of North Carolina law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred

in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under the North Carolina Nonprofit Corporation Act; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

- (i) appropriation, in violation of his or her duties, of any business opportunity of the Association;
- (ii) intentional misconduct or knowing violation of the law;
- (iii) an unlawful distribution to members, directors or officers; or
- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

6.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in the North Carolina Nonprofit Corporation Act, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director, or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the Association.

6.5. Board and Officer Training.

The Board may, as a Common Expense, conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. The Board may apply for and maintain, as a Common Expense, membership for the Association, its officers and directors, in the Community Associations Institute or any similar nonprofit organization that provides educational opportunities for community association directors, officers and managers in operation and management of community associations.

6.6. Conflicts of Interest.

Unless otherwise approved by a majority of the other directors, no director may transact business with the Association or any Association contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose to the Board any relationship that the director may have, financial or otherwise, with any contractor doing business or proposing to do business with the Association and any actual or potential conflict of interest affecting the director relative to his or her performance as a director.

Except as provided in Section 7.1, no monetary payments or payments in the form of goods or services shall be made to any officer or director, or to any business, business associate, or relative of an officer or director, except pursuant to a contract for goods or services or a resolution authorizing reimbursement of expenses incurred

on behalf of the Association, in either case approved by a majority of the total number of directors, excluding any director to whom such payment is proposed to be made or whose business, business associate, or relative is proposed to receive such payment.

Nothing herein shall preclude directors appointed by the Declarant from being employed by or otherwise transacting business with the Declarant or its affiliates, or preclude the Declarant from transacting business with the Association or its contractors, notwithstanding the fact that the Board may include directors appointed by the Declarant.

Article VII Management and Accounting

7.1. Compensation of Directors and Officers.

Directors and officers shall not receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association and, during the Development and Sale Period, the written consent of the Declarant. Any director or officer may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies furnished to the Association in a capacity other than as a director or officer pursuant to a contract or agreement with the Association, provided that such directors or officer's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding any interested director.

7.2. Right of Declarant to Disapprove Actions.

So long as the Class "B" membership exists, the Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board and any committee which, in the sole judgment of the Class "B" Member or the Declarant, would tend to impair rights of Declarant or Builders under the Declaration or these By-Laws, or interfere with development or construction of any portion of the Courtyards on Holt, or diminish the level of services being provided by the Association. The Board shall not implement any action, policy, or program subject to the right of disapproval set forth herein unless and until the requirements of this Section have been met.

(a) Notice. The Declarant shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to Board meetings with Section 3.9, and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard. The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

The Declarant or its representatives or agents shall make their concerns, thoughts, and suggestions known to the Board and the members of the subject committee. The Declarant, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Association. The Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure or other action required to comply with applicable laws and regulations.

7.3. Managing Agent.

The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or ultimate responsibility for those duties set forth in Section 3.16. Declarant or its affiliate may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

No remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise. Any value received by the managing agent shall benefit the Association. Any financial or other interest that the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board.

7.4. Accounts and Reports.

(a) The following accounting standards shall be followed unless the Board by resolution specifically determines otherwise:

- (i) cash or accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (ii) accounting and controls should conform to generally accepted accounting principles; and
- (iii) cash accounts of the Association shall not be commingled with any other accounts.

(b) Commencing at the end of the quarter in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

- (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
- (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution).

(c) An annual report consisting of at least the following shall be made available to all Members within 75 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon a vote of the majority of the Board, or upon the affirmative vote of a majority of the Owners present and voting in person or by proxy at

any annual meeting or any special meeting duly called for that purpose, the Association shall provide an audited financial statement.

7.5. Borrowing.

The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year. During the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without such approval as may be required under Article XVI of the Declaration.

7.6. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents associations, within and outside the Courtyards on Holt. Any common management agreement shall require the consent of a majority of the total number of directors on the Board.

7.7. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two unrelated officers or by such other person or persons as the Board may designate by resolution and subject to any limitations set forth in such resolution.

Article VIII Enforcement Procedures

The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Declaration, the Board shall comply with the following procedures prior to imposition of sanctions:

8.1. Notice and Response.

The Board or its delegate shall serve the alleged violator with written notice, by certified mail, return receipt requested, (a) describing the alleged violation or property damage which is the basis of the proposed sanction or amount due to the Association, as applicable; (b) describing the proposed sanction to be imposed; (c) informing the alleged violator that he or she has 10 days after receipt of the notice to present a written request for a hearing to the Board or the Covenants Committee, if one has been appointed pursuant to Article V; and (d) if the alleged violator fails to respond to the notice within the 10-day period, the Board may impose the proposed sanction. If the hearing is to be held before a Covenants Committee, the notice shall also state that the alleged violator has the right to appeal the decision of the Covenants Committee to the Board.

If the alleged violator cures the alleged violation and notifies the Board in writing within such 10-day period the Board may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

Prior to the effectiveness of sanctions imposed pursuant to this Article VIII, proof of proper notice shall be placed in the minutes of the Board or Covenants Committee, as applicable. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

8.2. Hearing.

If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Covenants Committee, or if one has not been appointed, then before the Board in executive session within 30 days after receipt of the alleged violator's request. Either the Board or the alleged violator may request a postponement of up to 10 days and such postponement shall be granted. Additional postponements may be granted upon agreement of both the Association and the alleged violator. The Board shall notify the alleged violator at least 10 days prior to the hearing of the time, date, and place of the hearing. At the hearing, the alleged violator shall be afforded a reasonable opportunity to be heard and shall be entitled to make an audio recording of the hearing. The minutes of the meetings of the Board or Covenants Committee, as applicable, shall contain a written statement of the results of the hearing (i.e., the decision of the Board or Committee) and the sanction, if any, to be imposed. Written notice of the decision shall be mailed to the violator within three days after the hearing.

8.3. Appeal.

If a hearing is held before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, a written notice of appeal must be received by the Association's manager, President, or Secretary within 15 days after the date of the Covenants Committee's decision.

Article IX **Miscellaneous**

9.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

9.2. Parliamentary Rules.

Except as may be modified by Board resolution or otherwise stated herein, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law or the Governing Documents.

9.3. Conflicts.

If there are conflicts among the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

9.4. Books and Records.

(a) Maintenance of Books and Records. The Association shall maintain the following books and records, either in written form or in a form capable of conversion into written form within a reasonable time: appropriate accounting records; minutes of all meetings of the Members and the Board; a record of all actions taken by the Members and the Board without a meeting; a record of all actions taken by any committees appointed by the Board; a membership roster reflecting the name and mailing address of all members, in alphabetical order by class, along with the address of each Unit owned by the Member and the number of votes allocated to each Member's Unit(s).

The Association shall maintain at its principal office copies of the following documents:

- (i) its Articles and By-laws, and all amendments currently in effect;
- (ii) Board resolutions relating to the rights, limitations, and obligations of Members;

(iii) the minutes of all Membership meetings records of all actions approved by the Members for the three most recent years;

(iv) all written communications directed to the Members generally during the preceding three years;

(v) copies of the financial statements for the three most recent years;

(vi) a list of the names and business or home addresses of its current directors and officers; and

(vii) its most recent annual report filed with the Secretary of State.

(b) Turnover of Books and Records. Within 60 days after termination of the Class "B" Control Period, the Declarant shall deliver to the Association all property, books, and records of the Association in the Declarant's possession.

(c) Inspection by Members and Mortgagees. Within five days after receipt of a written request to inspect the Association's books and records the Board shall make available for inspection and copying by any Member, any holder, insurer or guarantor of a first Mortgage on a Lot, or the duly appointed representative of any of the foregoing at such reasonable time and location as the Board may specify, any of the books and records listed in subsection (a) of this Section and specified in such written request, provided that a Member shall only be entitled to inspect the books and records enumerated in the above clauses (i) through (vii) if the following are true: (i) the Member's demand is made in good faith and for a proper purpose; (ii) the Member describes with reasonable particularity the purpose and the records the Member desires to inspect; and (iii) the records are directly connected with said purpose.

(d) Rules for Inspection. The Board shall establish rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing documents requested.

(e) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the Association's expense.

9.5. Notices.

(a) Form of Notice and Method of Delivery. Except as otherwise provided in the Declaration or these By-Laws or by law, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, by telephone facsimile or electronic mail with written confirmation of transmission.

(b) Delivery Address. Notices shall be delivered or sent to the intended recipient as follows:

(i) if to a Member, at the address, telephone facsimile number, or e-mail address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member;

(ii) if to the Association, the Board, or a committee of either, at the address, telephone facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the Members pursuant to this Section; or

(iii) if to the Declarant, at the principal address of the Declarant as it appears on the Secretary of State's records, or at such other address as the Declarant shall designate by notice in writing to the Association pursuant to this Section.

(c) Effective Date. Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by telephone facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

9.6. Amendment

(a) By Board. Until termination of the Class "B" Control Period, the Board of Directors may amend these By-Laws for any reason upon majority vote of the Board and the written consent of the Declarant. Thereafter, the Board may unilaterally amend (i) to correct clerical, typographical or technical errors; (ii) to bring any provision into compliance comply with any applicable governmental statute, rule, regulation, or judicial determination; (iii) to comply with the requirements, standards, or guidelines of any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans; or (iv) to satisfy the requirements of any local, state, or federal governmental agency.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members or their proxies representing 67% of the total Class "A" votes in the Association and, during the Development and Sale Period, the written consent of the Declarant. Any such amendment shall be subject to the veto right set forth in subsection (c), if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

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CERTIFICATION

I, the undersigned, do hereby certify:

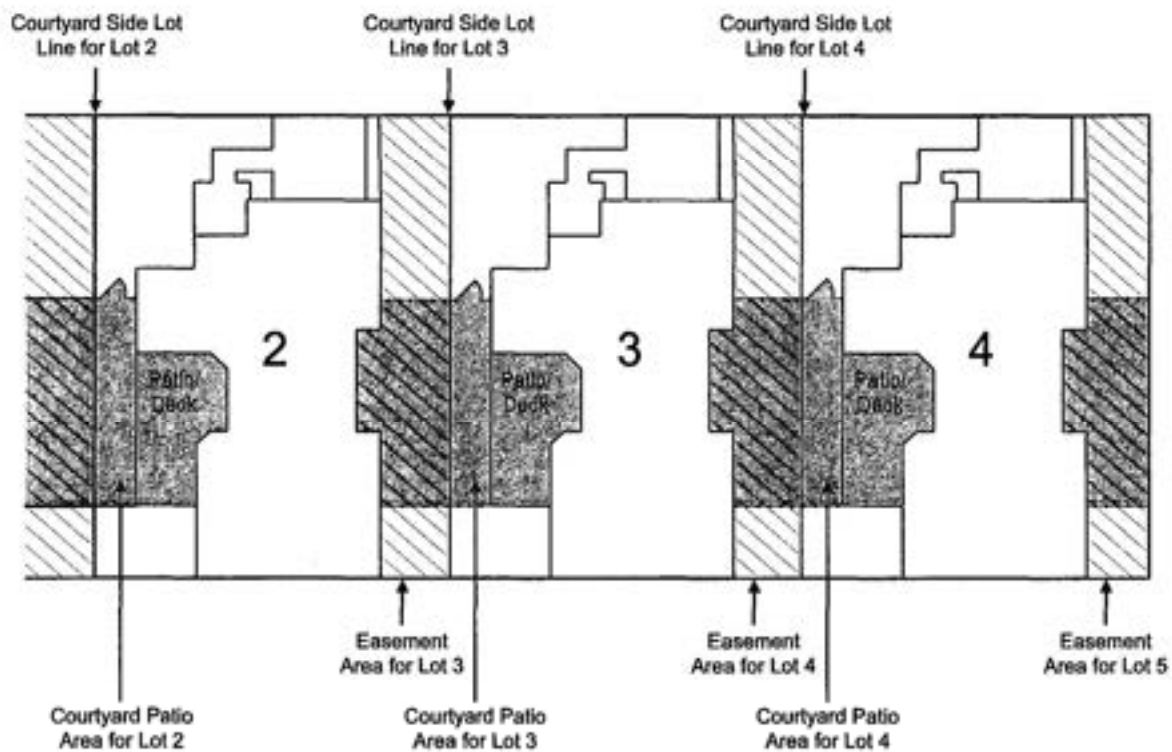
That I am a duly elected and acting Member of the Board of Directors of The Courtyards on Holt Homeowners Association, Inc., a North Carolina corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted by resolution of the Board of Directors thereof as of the 15TH day of SEPTEMBER 2021.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 15TH day of SEPTEMBER, 2021.

 TS (seal)
Thomas Sewitsky III, Board of Directors Member

EXHIBIT E

Illustration of Typical Side Yard Easement Area (per Section 11.9)

KEY:

All hatched area (with and without shading) is Easement Area.

All shaded area (with and without hatching) is Courtyard Patio Area.

Areas that are hatched and shaded depict that portion of Easement Area within the Courtyard Patio Area.