

STONEMONT OWNERS ASSOCIATION, INC.

**ORGANIZATIONAL MEETING OF THE INITIAL
BOARD OF DIRECTORS BY WRITTEN CONSENT TO
ACTION WITHOUT A MEETING**

The undersigned, being all of the members of the Board of Directors of Stonemont Owners Association, Inc., a North Carolina nonprofit corporation (the "Corporation"), do hereby take the following actions and adopt the following preambles and resolutions by signing our written consent hereto pursuant to Sections 55A-2-05 and 55A-8-21 of the North Carolina Nonprofit Corporation Act and in lieu of an organizational meeting:

1. Articles of Incorporation.

WHEREAS, the Articles of Incorporation of the Corporation submitted by Michael F. King, Esq., as the incorporator of the Corporation (the "Incorporator"), to the North Carolina Secretary of State were filed by the Secretary of State on August 9, 2016.

NOW, THEREFORE, BE IT RESOLVED, that a copy of said Articles of Incorporation, a copy of which is attached hereto as Exhibit A (i) be filed with, and made a part of, the minutes of the proceedings of the Incorporator, directors and members of the Corporation; and (ii) be kept at the principal office of the Corporation as part of the Corporation's permanent records.

2. Organization of Corporation.

RESOLVED, that the undersigned initial Directors named in the Articles of Incorporation hereby complete the organization of the Corporation in accordance with the provisions hereof.

3. Adoption of Bylaws.

RESOLVED, that the Bylaws in the form attached hereto as Exhibit B and hereby made a part hereof (i) be, and hereby are, in all respects, approved and adopted as the Bylaws of the Corporation for the regulation of the Corporation's business, operations and affairs; (ii) be made a part of the minute book of the Corporation along with these minutes; and (iii) be kept at the principal office of the Corporation as part of the Corporation's permanent records.

4. Adoption of Rules and Regulations.

RESOLVED, that the Rules and Regulations in the form attached hereto as Exhibit C and hereby made a part hereof (i) be, and hereby are, in all respects, approved and adopted as the Rules and Regulations of the Corporation; (ii) be made a part of the minute book of the Corporation along with these minutes; and (iii) be kept at the principal office of the Corporation as part of the Corporation's permanent records.

5. Principal Office.

RESOLVED, that until further action of the Board of Directors, the principal office of the Corporation shall be located at 1100 Perimeter Park Drive, Suite 112, Morrisville, NC 27560.

6. Appointment of Officers.

RESOLVED, that the following persons be, and they hereby are, appointed to the offices set forth opposite their respective names below, each to serve, subject to the provisions of the Bylaws of the Corporation, until their respective successors are duly elected and qualified:

<u>NAME</u>	<u>OFFICE</u>
Robert Rudloff	President
Landon Walls	Vice President and Secretary
Jason Rivenbark	Vice President and Treasurer

7. Payment of Fees, Taxes and Reimbursements.

RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized and directed to pay and discharge all taxes, fees and other expenses heretofore incurred or hereafter to be incurred in the organization of the Corporation and to reimburse the officers of the Corporation and all other persons for all reasonable expenditures heretofore made by them in such connection.

8. Procurement of Books and Records.

RESOLVED, that the Secretary of the Corporation be, and hereby is, authorized and directed to procure the necessary corporate records and to open and maintain books in accordance with applicable law and the Bylaws of the Corporation.

9. Ratification of Promoters' and Incorporator's Acts.

RESOLVED, that all things done and all actions taken by any and all of the promoters and the Incorporator of the Corporation in connection with any matters preliminary to or

necessary for the organization, incorporation, investigation and promotion of this Corporation be, and the same hereby are, in all respects ratified, confirmed and approved.

10. Fiscal Year.

RESOLVED, that until the further order of the Board of Directors of the Corporation, the fiscal year of the Corporation shall be the calendar year ending December 31.

11. Employment of Professional Services.

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

12. Banking Resolutions.

RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized and directed to take all necessary actions to enable the Corporation to open one or more bank accounts with such banks as such officers may deem appropriate, and to execute such banking resolutions and other documents as are necessary and appropriate for the establishment and maintenance of such accounts, copies of which shall be filed in the minute book of the Corporation and which banking resolutions shall be deemed to have been adopted in the standard form prescribed by such bank.

13. Corporate Licenses and Foreign Qualifications.

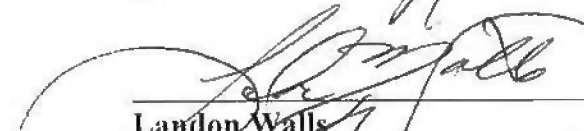
RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized and directed to do any and all acts and execute any and all documents as shall be necessary or desirable in order to procure for the Corporation any federal, state, local or other governmental licenses, permits, approvals or other authority that may be required in order for the Corporation to engage in its business or to qualify the Corporation to do business as a foreign corporation in any jurisdiction in which such qualification is or may be required.

We hereby consent that the actions set forth in the foregoing preambles and resolutions shall have the same force and effect as if taken at a duly constituted organizational meeting of the Board of Directors of the Corporation, effective as of the date hereof, and direct that this document be filed with the minutes of the Corporation as part of the permanent records of the Corporation. Facsimile and email signatures shall have the same effect as original signatures.

WITNESS our hands effective as of the 26 day of July, 2016.

DIRECTORS:


Robert Rudloff


Landon Walls

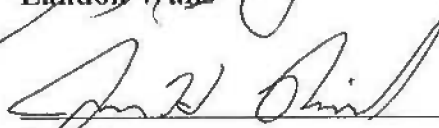

Jason Rivenbark

EXHIBIT A

ARTICLES OF INCORPORATION



NORTH CAROLINA

Department of the Secretary of State

To all whom these presents shall come, Greetings:

I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

STONEMONT OWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 9th day of August, 2016.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 9th day of August, 2016.

Elaine F. Marshall

Secretary of State

**ARTICLES OF INCORPORATION
OF
STONEMONT OWNERS ASSOCIATION, INC.**

The undersigned natural person of the age of eighteen (18) years or more does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under, and by virtue of, the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, and to that end does hereby set forth:

ARTICLE I

NAME

The name of the corporation shall be Stonemont Owners Association, Inc.

ARTICLE II

**NONPROFIT QUALIFICATIONS AND
APPLICABILITY OF NORTH CAROLINA
PLANNED COMMUNITY ACT**

This corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for nonprofit purposes. It is intended that this corporation (i) qualify as an exempt organization under the provisions of Chapter 55A of the North Carolina General Statutes (the "Non-Profit Corporation Act"), (ii) qualify as a homeowners' association under the provisions of Section 528 of the Internal Revenue Code, and (iii) be bound by and comply with the terms and provisions of Chapter 47F of the North Carolina General Statutes (the "PCA"). No part of the net earnings of this corporation shall inure to the benefit of any private member or individual.

ARTICLE III

PURPOSE AND POWERS

This corporation is a not for profit corporation organized under the Non-Profit Corporation Act. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the Non-Profit Corporation Act, subject to the terms and limitations of the PCA. Its specific and primary purposes are to provide for the enforcement of the declaration of covenants, conditions and restrictions relating to, and the care, maintenance, preservation and architectural control of, certain real property in or about the planned development to be known as Stonemont which will be located in Wake County, North Carolina (the "Development"), and to promote the health, safety and welfare of persons residing in said Development. In furtherance of these purposes, but subject to the PCA, any restrictions in the declaration of covenants, conditions and restrictions (the "Declaration") to be recorded upon the real property comprising the Development and in the duly adopted bylaws of this

corporation, this corporation shall have all powers granted and permitted pursuant to the terms of the Non-Profit Corporation Act, including the following:

- (a) to exercise all of the powers and privileges and to perform all of the duties and obligations of this corporation as set forth in the aforesaid Declaration;
- (b) to manage, maintain, operate, care for and administer the Development, including but not limited to the Common Area, as said term is defined in the Declaration, as more particularly set forth in the Declaration;
- (c) to enforce the covenants, restrictions, easements, charges, fines and liens as provided in the Declaration and to fix, levy, assess, collect, enforce and disburse the fines, charges and assessments created under the Declaration, all in the manner set forth in and subject to the provisions of the Declaration;
- (d) to do any and all other things and acts that the corporation from time to time, in its discretion, may deem to be for the benefit of the Development and the owners and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the owners and inhabitants of the Development;
- (e) to enforce the provisions of the Declaration, these articles of incorporation, the bylaws of the corporation which may be hereafter adopted, and the rules and regulations governing the use of the Common Area and the Development as the same may be hereafter established;
- (f) to pay all expenses of the business of this corporation, including all license and permit fees, taxes and other governmental charges levied or imposed against this corporation or the property of this corporation;
- (g) to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of this corporation;
- (h) to borrow money, and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (i) compromise, settle, release and otherwise adjust claims, demands, causes of actions and liabilities in favor of the corporation and the owners, or on behalf of the corporation and owners, as the case may be, provided any such claim, demand, causes of action or liability arises out of or relates to a condition or defect common to all or a majority of the lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the Common Area of the Development or part thereof, and to make and receive all payment or other consideration necessary therefor or in connection therewith;
- (j) to have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act and the PCA by law may now or hereafter have or exercise.

ARTICLE IV

INITIAL AGENT/REGISTERED AND PRINCIPAL OFFICE

The name of the corporation's initial agent for service of process is Robert Rudloff, and the address of the registered and principal office of the corporation is 1100 Perimeter Park Drive, Suite 112, Morrisville, Wake County, NC 27560.

ARTICLE V

BOARD OF DIRECTORS

The affairs of the corporation shall be managed by an initial board of three (3) directors. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is appointed or elected and qualifies as provided in the Declaration and bylaws.

The names and addresses of the persons who are to act in the capacity of the initial directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
1. Robert Rudloff	1100 Perimeter Park Drive Suite 112 Morrisville, NC 27560
2. Landon Walls	1100 Perimeter Park Drive Suite 112 Morrisville, NC 27560
3. Jason Rivenbark	1100 Perimeter Park Drive Suite 112 Morrisville, NC 27560

ARTICLE VI

MEMBERS, VOTING RIGHTS AND ASSESSMENTS

This is a non-stock corporation. The authorized number and qualifications of members of this corporation, the different classes of membership, if any, the property, voting rights and privileges of members, the liability of members for assessments, and the method of collection thereof shall be as set forth in the Declaration and in bylaws to be adopted by the directors of this corporation. Every person who is a record owner of any lot is entitled to membership and voting rights in the corporation, as more particularly set forth in the bylaws and Declaration. Membership is appurtenant to, and may not be separated from, ownership of a lot.

ARTICLE VII

BYLAWS

The original bylaws of the association shall be adopted by a majority vote of the initial board of directors of the corporation present at a meeting of the directors or by written consent in lieu thereof, and at which a majority of the directors are present, and thereafter, such bylaws may be altered and rescinded only in such manner as said bylaws provide.

ARTICLE VIII

DURATION

The term of existence of this corporation shall be perpetual.

ARTICLE IX

DISSOLUTION AND AMENDMENT

This corporation may be dissolved only in strict compliance with the provisions of the PCA and in accordance with Article 13, Section 2 of the bylaws of the corporation. Any amendment of these articles shall require the unanimous approval of the board of directors and the vote or written consent of sixty-seven percent (67%) of the voting power of this corporation. Upon dissolution of this corporation, other than incident to a merger of consolidation, at the election of the board of directors, (i) all of the residual assets of the corporation shall be distributed to the members of the corporation in proportion to the assessments collected from the members, or (ii) the assets of the corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this corporation was created. In connection with subsection (ii) above, in the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted such similar purposes. Notwithstanding the foregoing, upon dissolution or insolvency of the corporation or upon loss of ownership of the Common Area (once such ownership has been acquired) by the corporation for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by the Declaration or by reason of merger and/or consolidation with any other association as allowed by the Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the corporation, shall be offered to the Town of Holly Springs or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the corporation in accordance with Article 13, Section 2 of the bylaws of the corporation.

ARTICLE X

PERSONAL LIABILITY; INDEMNIFICATION; INSURANCE

To the fullest extent permitted by applicable law, no director or officer of the corporation shall have any personal liability arising out of any action whether by or in the right of the corporation or otherwise for monetary damages for breach of any duty as a director or as an officer. Any repeal or modification of this Article X shall be prospective only and shall not adversely affect any limitation hereunder on the personal liability of a director or an officer with respect to acts or omissions occurring prior to such repeal or modification. This Article X shall not impair any right to indemnity from the corporation that any director or officer may now or hereafter have, and, to the fullest extent permitted by the Non-Profit Corporation Act, (i) the corporation shall indemnify and hold harmless the directors and officers of the corporation who may be made a party to a proceeding because the individual is or was a director or officer of the corporation; and (ii) the corporation shall purchase and maintain directors' and officers' insurance on behalf of any person who is a director or officer of the corporation against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such. The provisions of Sections 55A-8-50 through 55A-8-58 of the Non-Profit Corporation Act are hereby incorporated by reference and such provisions shall be deemed amended to conform with any subsequent amendments to Sections 55A-8-50 through 55A-8-58 of the Non-Profit Corporation Act.

ARTICLE XI

INCORPORATOR

The name and address of the incorporator is Michael F. King, Esq., 4350 Lassiter at North Hills Avenue, Suite 300, Post Office Box 17047, Raleigh, Wake County, North Carolina 27619-7047.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal this 4th day of August, 2016.

Michael F. King [SEAL]
Michael F. King, Esq.

EXHIBIT B

BYLAWS

BYLAWS
OF
STONEMONT OWNERS ASSOCIATION, INC.

ARTICLE 1

NAME AND LOCATION

The name of the corporation is Stonemont Owners Association, Inc. The principal office of the corporation shall be located in Wake County, North Carolina.

ARTICLE 2

DEFINITIONS

The defined terms set forth in Article 1 of the Declaration of Covenants, Conditions and Restrictions for Stonemont ("Declaration"), recorded or to be recorded in the Wake County Public Registry are incorporated herein by reference and, unless specifically provided herein, the capitalized terms used in these Bylaws shall have the same meaning given them in the Declaration.

ARTICLE 3

MEMBERSHIP AND VOTING RIGHTS

The terms and provisions of Article 8 of the Declaration entitled "Membership and Voting Rights" are incorporated herein by reference.

ARTICLE 4

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year after the commencement of regular annual assessments as provided in Section 9.09 of the Declaration, but in no event shall the meeting be held later than four (4) months after the conveyance by Declarant of seventy-five percent (75%) of all Lots in the Property to Owners for use as a residence. Subsequent regular annual meetings of the Members shall be held not less frequently than once each calendar year, at a date, time and place selected by the Board. If the day for the annual meeting of the Members is a legal or religious holiday, a Saturday or a Sunday, the meeting shall be held at the same hour on the first working day thereafter.

Section 2. Special Meetings. Special meetings of the Members shall be promptly scheduled in response to a majority vote of a quorum of the Board, or upon receipt of a written request signed by Members representing not less than ten percent (10%) of the total Voting Power of the Association.

Section 3. Notice of Meetings. Written notice of annual and special meetings of Members shall be given by, or at the direction of, the Secretary of the Association or other person authorized to call the meeting, by mailing a copy of such notice, first-class postage prepaid, not less than ten (10) days nor more than sixty (60) days before such meeting, to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Notice of a meeting shall specify the place, date and hour of the meeting and the items on the agenda including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a director or officer. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. Notice shall also be given to the Mortgagees on Lots at the address supplied by the Mortgagee to the Association, if any, and each such Mortgagee shall have the right to designate a representative to attend any meeting. Waiver by a Member in writing of the notice required herein, signed by him, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the beginning of any meeting of Members entitled to cast, or of proxy holders entitled to cast, ten percent (10%) of the total Voting Power of the Association shall constitute a quorum for any action, except as may otherwise be provided in the Articles, the Declaration or these Bylaws. The Members present at any duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. In the absence of a quorum, the Members entitled to vote at such meeting shall have the power, upon an affirmative vote of a majority of those Members present in person or by proxy, to adjourn the meeting to another time without notice (other than announcement at the meeting); provided, however, the quorum requirement at the next meeting shall be one-half (1/2) of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This section shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed herein for regular meetings. Notwithstanding any term or provision herein, the affirmative vote of no less than two-thirds (2/3) of the Voting Power of the Association shall be required in order for the Association to: (1) file a complaint on account of an act or omission of Declarant with any governmental agency which has regulatory or judicial authority over the development or any part thereof, or (2) assert a claim against or sue Declarant.

Section 5. Proxies.

(a) At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated and filed with the Secretary of the Association or other person designated at the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or upon receipt by the Association of written notice of the death or incapacity of the Member who executed the proxy. Any proxy shall be invalid after expiration of eleven (11) months from the date it is executed (unless the proxy specifies a shorter term).

(b) Any form of proxy or written ballot distributed to ten (10) or more Members shall afford an opportunity on the proxy or form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy is solicited or by such written ballot, and shall provide, subject to reasonable specific conditions, that where the Member solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

(c) Every form of proxy or written ballot, which provides an opportunity to specify approval or disapproval with respect to any proposal, shall also contain an appropriate space marked "abstain," whereby a Member may indicate a desire to abstain from voting on the proposal. A proxy marked "abstain" by the Member with respect to a particular proposal shall not be voted either for or against such proposal.

(d) In any election of Directors, any form of proxy or written ballot in which the Directors to be voted upon are named therein as candidates and which is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld shall not be voted either for or against the election of a Director.

(e) Failure to comply with this section shall not invalidate any corporate action taken, but may be the basis for challenging any proxy at a meeting and any court having jurisdiction may compel compliance therewith at the suit of any Member.

Section 6. Location. Meetings of Members shall be held within the Property or as close thereto as possible.

Section 7. Action Taken Without a Meeting. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of the Board, may be taken in the absence of a meeting by written consent.

ARTICLE 5

BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be managed and governed by a Board of three (3) Directors, who shall be Members of the Association, except that a partner, member, employee, officer or director of any partnership, limited liability company, corporation or association that is an Owner shall be eligible to serve as a Director.

Section 2. Term of Office. As set forth in the Articles of Incorporation of the Association, the parties who are to act in the capacity of Directors until the election of their successors are **Robert Rudloff, Landon Walls, and Jason Rivenbark**. These persons (or such other persons as may be appointed by the Declarant pursuant to Section 8.06 of Article 8 of the Declaration) will serve as Directors until the special meeting of the Association to be held within ninety (90) days from the date of expiration of Declarant's rights under Section 8.06 of Article 8 of the Declaration. At such special meeting of the Association, the Members shall elect three (3) Directors for a term to serve until the next following annual meeting of the Association. At such next following annual meeting, the Members shall elect a total of three (3) Directors, two (2) Directors for a term of two (2) years and one (1) Director for a term of one (1) year. At each annual meeting thereafter, the Members shall elect successor Directors for Directors whose terms have expired, each to serve for a term of one (1) year.

Section 3. Removal. Directors appointed by the Declarant pursuant to its rights under Section 8.06 of Article 8 of the Declaration may be removed, and their replacements appointed, by the Declarant. Directors other than those appointed by the Declarant pursuant to its rights under Section 8.06 of Article 8 of the Declaration may be removed from the Board, with or without cause, at any regular or special meeting of the Members called for such purpose, by a majority of the votes of the Members cast at such meeting, except no individual Director shall be removed if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire authorized Board were then being elected. In the event of death, resignation or removal of a Director, the remaining Directors may appoint his successor and his successor shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual reasonable expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Board shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board. All such written consents shall be filed with the minutes of the proceedings of the Board.

ARTICLE 6

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board may be made by a nominating committee appointed by the Board prior to the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two or more Members. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies to be filled. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. The first election of the Board shall be conducted at the first meeting of the Association and the authorized number of Directors shall be elected at that meeting. Election to the Board shall be by secret written ballot. Election of Directors shall be by cumulative voting in all elections in which more than two Directors are to be elected. The persons receiving the largest number of votes shall be elected. A Member shall be entitled to cumulate his or her votes for one or more candidates for the Board, if the candidate's name has been placed in nomination prior to voting, and if the Member has given notice at the meeting prior to the voting of his or her intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.

Section 3. Vacancies. Any vacancy on the Board caused by death, disability, resignation or increase in the number of Directors may be filled by appointment by a majority of the remaining Directors or by the sole remaining Director. Any vacancy on the Board caused by removal of a Director shall be filled by election pursuant to this Article.

Section 4. Rights of Declarant. The provisions of this Article 6 are subject to the rights of Declarant to appoint and remove Directors pursuant to its rights under Section 8.06 of Article 8 of the Declaration. Until expiration of the period during which Declarant has the sole right to appoint and remove Directors, as set forth in Section 8.06 of Article 8 of the Declaration, Declarant may appoint and remove the Directors from time to time in such manner and with such frequency as Declarant may elect in its sole discretion.

ARTICLE 7

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held at such intervals as the Board considers necessary and desirable, but not less often than once every year until after the first annual meeting of Members, and then not less often than once every six (6) months. Regular meetings shall be held at such place as designated by the Board and at such hour as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be communicated to all Directors not less than four (4) days prior to the meeting, provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or consent to holding of the meeting.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the president of the Association or by any two (2) Directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all Directors and posted in the manner prescribed for notice of regular meetings not less than seventy-two (72) hours before the scheduled time of the meeting, provided, however, that the notice need not be given to any Director who has signed a waiver of notice or consent to holding the meeting.

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

Section 4. Open Meetings. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. Notwithstanding the foregoing, during the period of Declarant control, the Board may determine in its sole and absolute discretion to hold regular and special meetings in closed session and shall not be required to allow attendance of the Members at such meetings.

Section 5. Executive Session. The Board may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in closed executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 8

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Except as may be specifically limited by the terms and provisions of the Act, the Board shall have power to:

(a) Adopt, publish, amend and enforce Rules and Regulations governing the Property, the use and enjoyment of the Common Area and any facilities thereon, and the personal conduct thereon of the Members, their guests, invitees, members of their families or households, and tenants, provided that (i) the Members may amend any such Rules and Regulations adopted by the Board at any regular or special meeting of the Members called for such purpose by the vote or written consent of sixty-seven percent (67%) of the total Voting Power of the Association; (ii) such Rules and Regulations shall be reasonable, shall not discriminate against Declarant, must be consistent with the Declaration, the Articles and these Bylaws, and must be approved by Declarant until such time as Declarant no longer owns a Lot or other portion of the Property; and (iii) Rules and Regulations shall be effective upon Board approval and shall be mailed to each Member addressed to the Member's address last appearing in the books of the Association, postage prepaid, within thirty (30) days of Board approval.

(b) After Notice and Opportunity for Hearing by the Board, (i) suspend an Owner's rights as a Member of the Association, including his voting rights and right to use any Common Area facilities on the Common Area, for any period during which any fine against such Member or any assessment against such Member's Lot remains unpaid; (ii) impose monetary penalties as provided in the Declaration for any infraction of the Rules and Regulations or any violation of or failure to comply with the provisions of the Declaration or these Bylaws, provided the Member shall have been warned in writing of a previous infraction within the preceding one (1) year; and (iii) suspend an Owner's rights as a Member of the Association for a period not to exceed thirty (30) days for any infraction of the Rules and Regulations;

(c) Enforce and carry out provisions of the Declaration, these Bylaws and the Articles, including, without limitation, all provisions related to the maintenance, repair and upkeep of all storm water facilities located on the Property, and exercise all rights of the Association and the Board set forth in the Declaration, these Bylaws and the Articles;

(d) Pay any taxes or assessments which are or could become a lien on the Common Area or any portion thereof;

(e) Contract for casualty, liability and other insurance;

(f) Incur and pay expenses on behalf of the Association and contract for goods and services for the Common Area or any other real or personal property for which the Association is responsible and any other real or personal property for which the Association may be responsible or as to which the Association may have duties and obligations; provided, however, that: (i) no contract with a third person wherein the third person will furnish goods or services for the Common Area or any other real or personal property for which the Association is responsible or the Association shall exceed a term of one year (except for a contract with a public utility regulated by the Public Utilities Commission, in which case the contract shall be limited to the shortest term allowable by such public utility at the regulated rate, or prepaid casualty or liability insurance policies which shall not exceed three (3) years' duration, provided the policy permits short rate cancellation by the insured); and (ii) any management agreement for the Property shall be terminable for cause or without cause upon thirty (30) days' written notice, without payment of a termination fee. The restrictions contained in (i) and (ii) hereinabove shall not apply if the contract or expenditures are approved by the vote or written consent of sixty-seven percent (67%) of the Voting Power of the Association;

(g) Delegate to committees, officers, employees and other agents of the Association reasonable powers to carry out the powers and duties of the Board; provided, however, that the Board shall not delegate the power to impose discipline against Members or to levy fines against Members;

(h) Prepare and distribute budgets and financial statements of the Association;

(i) Enter any Lot, at reasonable hours, after forty-eight (48) hours' notice and with as little inconvenience to the Owners as possible, in connection with any work or thing required or

permitted to be performed or done by the Association by these Bylaws, the Declaration or the Rules and Regulations. In the event of emergency threatening injury to persons or property, or reasonable cause to believe there is such an emergency, the right of entry shall be immediate and may be exercised without notice, whether or not the Owner is present. The Association shall repair any damage caused by such entry;

(j) Employ a manager and such other employees as it deems necessary to carry out the powers and duties of the Association;

(k) Sell, transfer, dedicate, hypothecate, partition, subdivide, abandon, release or alienate the Common Area as permitted by the Act;

(l) Exercise all the powers set forth in the North Carolina Nonprofit Corporation Act and the Act, except those reserved to the Members by the provisions of these Bylaws, the Articles or the Declaration; and

(m) Compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities on behalf of the Association and Owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all or a majority of the Lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the Common Area or part thereof, and make and receive all payment or other consideration necessary therefor or in connection therewith. For such purposes, the Board shall be, and hereby is, irrevocably appointed attorney-in-fact to act on behalf of all Owners upon such terms and conditions and for such consideration as may be approved by a majority of the Board.

Section 2. Non-Liability. A Director of the Board shall not be liable to the Members if he performs the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared and presented by:

(a) One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or

(c) A committee of the Board on which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry, when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 3. Duties. The Board shall:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present to the Members, and any Mortgagee making written request therefor, the following:

(i) A pro forma operating statement (budget) for each fiscal year, which statement shall be distributed not less than fifteen (15) days and not more than sixty (60) days before the beginning of the fiscal year;

(ii) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the Property and an operating statement for the period from said date of such first closing to said accounting date, which balance sheet and statement shall be distributed within sixty (60) days after the accounting date. The operating statement shall include a schedule of assessments received and receivable identified by Lot number and Owner's name;

(iii) An annual report, which annual report shall be distributed within ninety (90) days after the closing of the fiscal year, consisting of the following:

(A) A balance sheet as of end of the fiscal year;

(B) An operating (income) statement for the fiscal year;
and

(C) A statement of changes in financial position for the fiscal year.

(b) Supervise the officers, agents and employees of the Association in the proper performance of their duties;

(c) As more fully provided in the Declaration and subject to any limitations contained therein:

(i) Fix the amount of the annual assessment against each Lot at least fifteen (15) days in advance of each annual assessment period and, if necessary, revise such annual assessment;

(ii) Send written notice of each assessment to every Owner in advance of each annual assessment period, provided that failure to comply with the provisions of this subparagraph shall not invalidate any assessment, lien or obligation to pay such assessment; and

(iii) Take appropriate action against any Owner who is delinquent in the payment of any assessment to the Association, which action may include, but is not limited to, commencement of an action against the Owner for payment thereof and/or foreclosure of the lien against the Lot of such Owner.

(d) Issue, or cause an appropriate officer to issue, upon demand by any person having a legitimate interest, a certificate setting forth whether or not any assessment has been paid, for which certificate a reasonable charge may be made by the Board;

(e) Procure and maintain liability, fire and extended coverage casualty insurance, as required by the Declaration, worker's compensation insurance, and such additional insurance and endorsements as the Board may deem desirable;

(f) Cause the Common Area, the amenities located thereon, any private streets, public streets or rights-of-way which have been dedicated but not yet accepted for maintenance by the appropriate governmental entity, and any other real and personal property for which the Association may be responsible or as to which the Association may have duties and obligations to be kept in a good state of maintenance and repair;

(g) Pay proper expenses of the Association; and

(h) Establish and maintain reserve funds for Common Area replacements and maintenance in accordance with the initial budget of the Association or such budgets as may subsequently be adopted from time to time by the Board. Funds deposited in reserve for a particular purpose shall be held for that purpose and shall not be expended for any other purpose without the vote or written consent of sixty-seven percent (67%) of the total Voting Power of the Association, except that if the Board determines that funds held in reserve for a particular purpose exceed an amount reasonably required as a prudent reserve for that purpose, then, without the vote or written consent of Members, the excess may be allocated to any other reserve fund established by the Board and expended for the purpose for which such other reserve fund has been established.

ARTICLE 9

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-presidents, who shall at all times be members of the Board, a secretary, and a treasurer, and such other officers as the Board may, from time to time, by resolution create.

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

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless such person sooner resigns, or is removed, or is otherwise disqualified to serve.

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

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Multiple Offices. No person shall simultaneously hold more than one of any of the offices, except in the case of special offices created pursuant to Section 4 of this Article 9; provided, however, that notwithstanding the foregoing, the offices of vice president, secretary and treasurer may be held by the same person.

Section 8. Duties. The duties of the officers shall be those usually vested in their respective offices, including the following:

(a) President: The President shall preside at all meetings of the Board and shall see that orders and resolutions of the Board are carried out;

(b) Vice President: The Vice Presidents shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

(c) Secretary: The Secretary, or an assistant secretary elected and authorized by the Board, shall keep minutes of all meetings of the Board and of the Members and shall have custody and charge of the Association's corporate seal, minute books, membership transfer books, and such other books, papers and documents as the Board may prescribe; and

(d) Treasurer: The Treasurer, or an assistant treasurer elected and authorized by the Board, shall be responsible for Association funds and securities and shall keep or supervise the keeping by persons designated by resolution of the Board of books of account of Association receipts and disbursements.

Section 9. Checks and Drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable by the Association

shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by the Board.

Section 10. Execution of Contracts and Other Documents. The Board by resolution may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or agreement or to pledge its credit to render it liable for any purpose or for any amount.

Section 11. Rights of Declarant. The provisions of this Article 9 are subject to the rights of Declarant to appoint and remove officers pursuant to its rights under Section 8.06 of Article 8 of the Declaration.

ARTICLE 10

BOOKS AND RECORDS

The membership register, books of account and minutes of meetings of the Members, Board and committees of the Board shall be made available for inspection and copying by any Member, any Member's duly appointed representative and any Mortgagee during normal business hours for a legitimate purpose, at such place or places within the Property as the Board may prescribe. The Board shall establish reasonable rules with respect to notice to be given to the custodian of the records by the Member or Mortgagee desiring to make the inspection; hours and days of the week when such an inspection may be made; and payment of the cost of reproducing documents requested by a Member or Mortgagee. The Declaration, the Articles and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be obtained at reasonable cost. 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, including the right to make extracts and copies of documents.

ARTICLE 11

ASSESSMENTS

The terms and provisions of the Declaration entitled "Covenants for Assessments" are incorporated herein by reference.

ARTICLE 12

CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the word "SEAL."

ARTICLE 13

AMENDMENTS AND INTERPRETATION OF DOCUMENTS

Section 1. Amendment. Any amendment of these Bylaws shall require the unanimous approval of the Board; provided, however, that no such amendment shall change any provision hereof where such provision is governed by the Articles or the Declaration, unless the applicable provisions of the Articles and/or Declaration are likewise amended as therein required. Provided, further, any amendment or modification to these Bylaws must be consented to by Declarant so long as Declarant is the owner of any Lot or other portion of the Property, which consent Declarant may grant or withhold in its sole discretion. In addition, Declarant, without obtaining the approval of the Members, may make amendments or modifications to these Bylaws which either (a) are correctional in nature only and do not involve a change which materially adversely affects the rights, duties or obligations specified herein; (b) apply only to the portions of the Property then owned by Declarant; or (c) is necessary to cause these Bylaws to comply with the requirements of any governmental agency.

Section 2. Dissolution. The Association shall be dissolved upon the termination of the Declaration, or upon the written assent given in writing and signed by not less than sixty-seven percent (67%) of the Voting Power of the Association, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by the Declaration or by reason of merger and/or consolidation with any other association as allowed by the Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the Association, shall be offered to the Town, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If the Town or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Association to the Town or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, and subject to all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the Town or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by the Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

Section 3. Interpretation. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Declaration shall control.

EXHIBIT C

RULES & REGULATIONS

STONEMONT RULES AND REGULATIONS

A. INTRODUCTION

In order to live harmoniously in a close community, it is necessary to have a few rules. Please keep in mind that each one of these rules is necessary in order to make your day to day life and the day to day lives of your neighbors more pleasant and enjoyable.

By observing these rules, all residents of the Stonemont community will have the benefit of living in one of the most pleasant and appealing residential communities in the region. If there are any rules with which we just cannot live, your Board of Directors (the "Board") has the authority to revise them. The following rules were adopted by your Board in accordance with the provisions of Article 8, Section 1(a) of the Bylaws to adopt and publish rules and regulations governing the use of the Common Areas and facilities and the personal conduct of Owners and their guests thereon and in the community. Your Board unanimously approved the following rules.

These rules and regulations are in addition to those covenants, conditions and restrictions for Stonemont set forth in the Declaration of Covenants, Conditions and Restrictions for Stonemont governing the community, as amended from time to time (the "Declaration"). If there is a conflict between the provisions of the Declaration and these rules and regulations, the provisions of the Declaration shall control. Capitalized but undefined terms set out in these rules and regulations shall have the meanings ascribed to these terms in the Declaration.

B. APPEARANCE

In addition to any restrictions contained in the Declaration:

1. No portion of the Common Areas shall be decorated in any manner by any Owner or occupant without the prior written consent of the Board.
2. Each Owner shall maintain his or her Lot and the improvements and landscaping thereon in good repair.
3. No Owner shall make any alterations or improvements of or to the Common Areas without the prior written consent of the Board.
4. No tables with umbrellas or grilles of any kind shall be located on any front porches of the homes on the Lots.
5. **It shall be the responsibility of each Owner to regularly water the grass, plants, trees and landscaping on its Lot.**

**STONEMONT
RULES AND REGULATIONS
(Cont.)**

C. PARKING AND STORAGE

In addition to any restrictions contained in the Declaration:

1. No bicycles, motorcycles, mini-bikes or similar vehicles or other personal articles shall be stored in the Common Areas or on porches except as approved in writing by the Board.
2. No vehicles belonging to any Owner or to a member of the family or guest, or tenant of an Owner shall be parked in such manner to impede or prevent ready access to the remaining parking areas within the community. Owners, visitors, licensees and the Owners' families will obey the posted parking regulations, and any other traffic regulations published in the future for the safety, comfort and convenience of the Owners.
3. No boat, trailer, recreational vehicle, camper, camper truck or commercial vehicle shall be parked, stored or left on any portion of the Property. The term "commercial vehicle" shall generally exclude government-issued vehicles or automobiles of a type commonly used for family transportation notwithstanding that they may have commercial lettering or logos on their exteriors, provided (i) no objects, signs, tools, tool racks, or other forms of commercial advertising are attached or affixed to the vehicle; and (ii) the Board shall have the authority in its sole discretion to make final determinations as to whether a vehicle is a commercial vehicle on a case by case basis.
4. No inoperable or wrecked vehicles of any type are allowed on the Property, either temporarily or permanently. No repairs to any vehicles or other personal property shall be made in parking spaces or driveways, except in the case of emergency.
5. No vehicles of any type shall be parked or stored on any sidewalk in the Property or on any part of a Lot other than in those areas improved for that purpose (i.e., driveway or parking pad), and all parking and storage shall otherwise comply with all governmental and private rules and regulations, including regulations regarding nuisance and on and off-street parking.
6. No garage sales or similar activities shall be permitted on any Lot or within the Common Areas, except as approved in writing by the Board.

D. DISTURBANCES

In addition to the restrictions contained in the Declaration:

1. No Owner shall make or permit any noises that will disturb or annoy the occupants of the buildings or permit anything to be done therein which will interfere with the rights, comfort, or

**STONEMONT
RULES AND REGULATIONS
(Cont.)**

convenience of other Owners. PLEASE BE CONSIDERATE OF YOUR NEIGHBORS. EXCESSIVE NOISE FROM PARTIES, STEREOs, TV's, ETC. CAN FRUSTRATE NEIGHBORS. SPECIAL CARE SHOULD BE GIVEN TO NOISE AND DISTURBANCES EMANATING FROM PRIVATE COURTYARD AREAS, PORCHES AND BALCONIES.

2. No discharge of firearms or fireworks shall be permitted.
3. No excessive idling of vehicles shall be permitted.
4. Owners shall ensure that alarm systems associated with their homes and automobiles are in good working order and repair in order to avoid unwarranted disturbances to neighbors.

E. GARBAGE AND UTILITIES

1. All garbage and refuse from homes shall be deposited with care in containers provided for such purposes, shall be transported by each Owner for collection to such location as is required by the garbage service, and shall be retrieved by each Owner and appropriately screened from the view of any private rights-of-way or adjoining Lots within twelve (12) hours after garbage collection. All waste should be bagged and tied before depositing in receptacles.
2. No Owner shall interfere in any manner with any portion of the common lighting apparatus in or about the buildings. No Owner shall install exterior lighting on the Property, except as approved in writing by the Board.
3. No Owner shall dispose of any paint, oil or other similar materials in storm drains or other portions of the Common Areas.

F. SAFETY

1. Each Owner shall maintain in a prominent place within his or her home a general purpose fire extinguisher.
2. No outdoor fires, whether within enclosed outdoor fireplaces or other similar devices, shall be permitted other than grilles located within private courtyard areas or within the Common Areas specifically designated for such use by the Board.
3. Owners shall exercise reasonable care in the enjoyment of fireplaces located within their homes.
4. Each Owner shall secure access to their home and each private courtyard area.

**STONEMONT
RULES AND REGULATIONS
(Cont.)**

G. PETS

In addition to any restrictions contained in the Declaration:

1. No animals, livestock or poultry of any kind shall be kept or maintained on any portion of the Property or in any home except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, that they do not create a nuisance (in the judgment of the Board), such as, but without limitation, by number, noise, odor, damage or destruction of property or refuse, and further provided that they are kept and maintained in compliance with all laws and ordinances of applicable governmental authorities relating thereto. In no event shall more than a total of three (3) dogs and/or cats be regularly kept on any Lot except for newborn offspring of such household pets which are under nine (9) months in age. The Board may prohibit or require removal of any dog or animal, which after consideration of factors such as size, breed and disposition of the animal, interference with the peaceful enjoyment by other Owners of their Lots, and the security measures taken by the Owner with respect to such animal, the Board, after affording the Owner of such animal Notice and Opportunity for Hearing, deems to be undesirable, a nuisance or a safety hazard.
2. Owners shall clean-up after their pets, including without limitation within the Common Areas. Except for domesticated cats, pets shall not roam free within the Common Areas and otherwise shall be kept on an overnight basis within homes.

H. USE OF COMMON AREAS

In addition to any restrictions contained in the Declaration:

1. No climbing or horseplay on or near retaining walls located within the Common Areas shall be permitted.
2. No disturbance of any creeks, storm water detention areas or landscaping areas located within the Common Areas (except by the Declarant or the Association) shall be permitted.
3. No decorations of any kind shall be installed in the Common Areas except for any decorations approved in writing by the Board.
4. No garage sales or similar activities within the Common Areas shall be permitted, except with the prior written consent of the Board for each occasion that any such activity takes place.