

**BYLAWS**  
**OF**  
**DURHAM CENTRAL PARK COHOUSING CONDOMINIUM ASSOCIATION**

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**BYLAWS**  
**OF**  
**DURHAM CENTRAL PARK COHOUSING CONDOMINIUM ASSOCIATION**

**ARTICLE I**  
**PLAN OF UNIT OWNERSHIP**

1. **CONDOMINIUM.** The Property (the term “**Property**” as used herein means and includes the land, the buildings, all improvements and structures thereon) located in the City of Durham, Durham County, North Carolina, known as the DURHAM CENTRAL PARK COHOUSING CONDOMINIUM as has been, or will be, by Declaration, submitted to the provisions of the North Carolina Condominium Act (the “**Act**”), which Property is known as DURHAM CENTRAL PARK COHOUSING CONDOMINIUM (the “**Condominium**”).

2. **ASSOCIATION.** In conjunction with the creation of the Condominium, there also has been incorporated under the laws of the State of North Carolina an association known as Durham Central Park Cohousing Condominium Association (the “**Association**”) which shall, pursuant to the provisions of the Declaration, constitute the incorporated condominium owners’ association.

3. **PERSONAL APPLICATION.** All Owners, Co-owners, Community Members, and their respective household members, tenants, and invitees and the employees and invitees of such tenants, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration as they may be amended from time to time. The mere acquisition or use of any of the Units or any facilities on the Property is an act deemed to serve as acceptance and ratification of, and an agreement to comply with, the Condominium Documents, all as may be amended.

4. **DEFINITIONS.** Capitalized terms used in these Bylaws shall have the same meanings given them in the Declaration of Durham Central Park Cohousing Condominium unless otherwise expressly set forth herein.

**ARTICLE II**  
**DECISIONS; QUORUM; PROXIES**

1. **ELIGIBILITY.** Any person who acquires title to a Unit in the Condominium shall be a member of the Association. Transfer of Unit ownership, either voluntarily or by operation of law, shall terminate membership in the Association, and membership will become vested in the transferee. If Unit ownership is vested solely in one person, then the person owning such Unit shall be entitled to act as member of the Association (the “**Owner Member**”). If Unit ownership is vested in a corporation, limited liability company, partnership, trust, unincorporated association or other entity, said corporation, limited liability company, partnership, trust, unincorporated entity or other entity must designate an individual officer, manager, partner or employee to act as a member of the Association on behalf of such entity (also a “**Designated Member**”). The designation of Designated Member shall be delivered in writing to the Secretary of the Association.

2. **DECISIONS.** Each Owner shall be entitled to participate in decisions of the Association. Decisions made at a meeting at which a quorum is present shall be binding for all purposes unless a

different percentage is required by the Act, the Declaration or otherwise in these Bylaws. Votes may be cast in person or by proxy.

3. QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy of members representing twenty percent (20%) of the Units in the Association shall constitute a quorum. This quorum requirement shall not decrease for any reason.

4. PROXIES. Proxies must be filed with the Secretary before the appointed time of each meeting. A proxy must be dated or it is void. A proxy shall be terminated one year after its date unless the proxy specifies a shorter term.

### ARTICLE III MEMBERS; MEETINGS

1. ASSOCIATION RESPONSIBILITIES. The Unit Owners will constitute the members of the Association and all Unit Owners will be members of the Board.

2. PLACE OF MEETINGS. Meetings of the Association shall be at such place, convenient to the Unit Owners, as may be designated by the Board.

3. ANNUAL MEETINGS. There shall be one regular annual meeting of the Association, which shall be held at the call of the President during the month of December or at such other time as Unit Owners representing 20% of the Units owned in the Association may agree upon. All meetings of the Association (both annual and special meetings) shall be conducted in accordance with policies established by the Association.

4. SPECIAL MEETINGS. Special meetings may be called by the Board or by a petition that has been signed by Unit Owners representing twenty percent (20%) of the Units in the Association and presented to the Secretary.

5. NOTICE OF MEETINGS. The Secretary shall provide notice of each annual or special meeting to each Unit Owner of record, stating (i) the time and place where the meeting is to be held, (ii) the items on the agenda, (iii) the general nature of any proposed amendment to the Declaration or these Bylaws, (iv) any budget changes, and (v) any proposal to remove a director or officer. Notice shall be made by hand delivery or sent prepaid by United States mail to the mailing address of each Unit or by electronic mail to an electronic mail address provided to the Association in writing by the Unit Owner. Notice shall be delivered at least 10 days, but not more than 50 days, prior to such meeting.

6. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than 24 hours but not more than thirty (30) calendar days from the time the original meeting was called. The quorum requirement at any rescheduled meeting shall not decrease.

7. ORDER OF BUSINESS. The order of business at all meetings of the Association shall be as follows or as agreed upon by the Board:

- a. Call to Order;
- b. Proof of Notice of Meeting or Waiver of Notice;
- c. Review of Minutes of Preceding Meeting;

- d. Reports of Officers;
- e. Reports of Committees;
- f. Election of Board Members;
- g. Budget Review;
- h. Unfinished Business; and
- i. New Business or as agreed upon by the Board.

The order of business at a special meeting of the Association shall routinely include items (a) through (d) above, and thereafter, the agenda shall consist of those items (e) through (i) specified in the notice of meeting, if any.

8. CONSENSUS. The Association and all Community Members have a goal of making decisions using a consensus model where the opinions of all Owners are considered and valued. Notwithstanding the other provisions of the Condominium Documents, except for those matters requiring a certain minimum vote under the Condominium Documents or North Carolina law, the membership of the Association shall use a consensus model of decision making. The procedure for consensus decision making shall be established by the Association and shall be a part of the Policies.

#### **ARTICLE IV** **BOARD**

1. NUMBER AND QUALIFICATIONS. The affairs of the Association shall be governed by a Board comprised of all the Unit Owners in the Association, and shall have a minimum number of 24 members and a maximum number of 100 members. During the Period of Declarant Control, the Declarant shall be entitled to appoint and remove officers and Board members as set forth in Section 2.7 of the Declaration.

2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association, including all the powers set forth under N.C.G.S. § 47C-3-102 and the other powers granted to it by the Act and the Declaration. Without limiting the generality of the foregoing, the Board shall have the following powers and shall cause the Association to perform the following duties:

a. adopt and amend bylaws and Policies for the Association based on the consensus of the Owners as provided under Article III, Section 8;

b. adopt and amend budgets for revenues, expenditures and reserves, and collect assessments from Unit Owners for Common Expenses, including without limitation, the collection, at the time of the initial sale of each Unit, an amount of three (3) month's estimated assessment for the purpose of establish a working capital fund for the Association (10% of which will be applied to the reserve requirement). Within thirty (30) days after the adoption of any proposed budget, the Board shall provide a summary of the budget to all Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) or less than thirty (30) days after mailing of the summary. If the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a budget proposed by the Board;

c. hire and terminate managing agents and other employees, agents, and independent contractors for the maintenance, operation, repair and replacement of the Common Elements;

d. institute, defend, or intervene in its name in litigations or administrative proceedings on matters affecting the Condominium, the Common Elements or the Association;

e. make contracts and incur liabilities for the making of repairs, additions and improvements to or alterations of the Common Elements;

f. establish and maintain an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the Common Elements (which fund shall be funded by contributions which are not less than the greater of ten percent (10%) of the total Association budget for any year, including the reserve, or the minimum percentage at any time required by the Federal National Mortgage Association ("FNMA") and the interest on which shall remain a part of said reserve fund and shall not be used for general operating expenses). The Board will propose appropriate uses of the reserve fund. If the proposed use exceeds \$3,500, within thirty (30) days after the meeting in which such reserve use is proposed, the Board shall provide a summary of the proposed capital reserve use to all Unit Owners, and shall set a date for a meeting of the Board to consider ratification of the proposed reserve use not less than fourteen (14) or more than thirty (30) days after mailing of the summary. Notwithstanding anything in this provision to the contrary, the Board is authorized to spend reserve funds in the event of an emergency that constitutes an immediate threat to public health or safety or property;

g. regulate the use, maintenance, repair, replacement, and modification of the Common Elements, including, without, limitation, performing or causing to be performed repairs caused by any natural disaster or man-made damage from funds held in the reserve account and any special assessment;

h. cause additional improvements to be made as a part of the Common Elements;

i. acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property; provided that Common Elements may be conveyed or subjected to a security interest only pursuant to N.C.G.S. § 47C-3-112;

j. grant leases, licenses, and concessions through or over the Common Elements;

k. impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements (other than the Limited Common Elements described in subsections N.C.G.S. § 47C-2-102(2) and (4)) and for services provided to Unit Owners;

l. charge interest on unpaid assessments and impose charges for late payment of assessments, not to exceed the maximum amount allowable by law (N.C.G.S. § 47C-3-102(a)(11)) and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Units) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of 30 days or longer, and levy reasonable fines not to exceed the maximum amount allowed by law (N.C.G.S. § 47C-3-107.1) for violations of the Condominium Documents;

m. impose reasonable charges for the preparation of statements of unpaid assessments and charges;

n. provide for the indemnification of and maintain liability insurance for its officers, the directors on the Board, employees and agents;

o. assign its right to future income, including the right to receive assessments for the Common Elements, if applicable;

p. obtain insurance for the Condominium, the Common Elements and the Association, pursuant to the provisions hereof and the provisions of the Condominium Documents;

q. make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, current copies of the Condominium Documents and financial statements of the Association;

r. establish such advisory committees as the Board may deem appropriate to assist in carrying out the duties above described;

s. improve the Common Elements, and to purchase real estate and personal property including items of furniture, furnishings, fixtures and equipment for the foregoing;

t. pay taxes or assessments, if any, against all or any portion of the Common Elements as required;

u. publish the names and addresses of all Board members and officers within 30 days of their election;

v. subject to the limitation in these Bylaws, act on behalf of the Unit Owners with respect to all matters arising out of any condemnation or eminent domain proceeding affecting the Common Elements;

w. enforce by legal means the provisions of the Condominium Documents, including, but not limited to, the Declaration, these Bylaws and the Policies of the Association;

x. exercise all other powers that may be exercised in the State of North Carolina by legal entities of the same types as the Association; and

y. exercise any other powers necessary and proper for the governance and operation of the Association or to perform the other functions required by the Act and the Condominium Documents.

3. INITIAL BOARD MEMBERS. The members of the initial Board shall be appointed by the Declarant. These appointments will be temporary and will continue only in accordance with the requirements of the Act relating to the Period of Declarant Control, which terminates no later than the earlier of: (i) 120 days after conveyance of seventy-five percent (75%) of the Units to Unit Owners other than Declarant; (ii) two years after Declarant has ceased to offer Units for sale in the ordinary course of business; or, (iii) the date upon which Declarant voluntarily surrenders control of the Condominium to the Association. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the Period of Declarant Control, but in that event, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board, as described in recorded instruments executed by the Declarant, be approved by the Declarant before they become effective.

4. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by the Board, but at least one such meeting shall be held

each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary or other person designated by the Board to each Board member personally or by mail, telephone or electronic mail, at least 10 days (and not more than 50 days) prior to the day named for such meeting. All meetings of the Board (regular and special) shall be conducted in accordance with rules and procedures established by policies of the Association.

5. SPECIAL MEETINGS. Special meetings of the Board may be called by the President or by members representing 20% of the units owned on at least 10 days (and not more than 50 days) notice to all Board members given personally or by mail, telephone or electronic mail, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting.

6. WAIVER OF NOTICE. Before or at any meeting of the Board, any member of the Board may, in writing, waive notice of such meeting. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him or her of the time, place and purpose thereof unless the member at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

7. FIDELITY BONDS. The Board shall require that any and all Board members, officers, employees of the Association and all other persons handling or responsible for Association funds shall furnish adequate blanket fidelity bonds or fidelity crime insurance. If a management agent has the responsibility for handling or administering funds of the Association, the Association shall cause the management agent to maintain fidelity bond coverage or fidelity crime insurance for its officers, employees and agents handling or responsible for funds, or administered on behalf of, the Association. Such fidelity bonds or fidelity crime insurance shall name the Association as an obligee (or insured party as the case may be) and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond (or insurance coverage). Notwithstanding the foregoing, in no event, shall the aggregate amount of such bonds (or insurance coverage) be less than a sum equal to three months aggregate assessments on all Units plus reserve funds. All bonds (or insurance coverages) shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on bonds (or insurance policies) required herein, except those maintained by the management agent, shall be paid by the Association as a Common Expense. Each bond (or fidelity crimes insurance policy) shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Association or Insurance Trustee (as hereinafter defined). Each bond (or fidelity crimes insurance policy) must also provide that the servicer(s) for FNMA, on behalf of FNMA, also receive such notice of cancellation or modification.

8. COMPENSATION. No member of the Board shall receive any compensation from the Association for acting as a Board member.

9. LIABILITY OF THE BOARD. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the Board, which may consist of members who are members of or employed by Declarant, to contract with Declarant and affiliated entities without fear of being charged with self-dealing provided that said contract or employment is approved by the Board.

10. INDEMNIFICATION. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Board member is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his or her activities as



a Board member. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by the North Carolina Nonprofit Corporation Act.

## **ARTICLE V** **OFFICERS**

1. **DESIGNATION.** The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be chosen by the Board. No individual may hold more than one officer position.

2. **SELECTION OF OFFICERS.** Until the Period of Declarant Control has ended, Declarant may appoint officers. Thereafter the officers of the Association shall be chosen annually by the Board at an annual meeting, and the officers shall hold office at the pleasure of the Board.

3. **REMOVAL OF OFFICERS.** Until the Period of Declarant Control has ended, Declarant may remove officers. Thereafter the Board may remove officers with or without cause and his/her successor chosen at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4. **PRESIDENT.** The President shall preside at annual meetings, regular meetings and special meetings of the Association and of the Board.

5. **VICE PRESIDENT.** The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be requested from him by the Board.

6. **SECRETARY.** The Secretary shall keep the minutes of annual meetings, regular meetings and specials meetings of the Board and the minutes of all meetings of the Association, and the Secretary shall have charge of all books, records and papers of the Association.

7. **TREASURER.** The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties customary and incident to the office of the Treasurer.

8. **OFFICER DIRECTORY.** The Association shall publish the names and addresses of all officers of the Association within 30 days of their election.

## **ARTICLE VI** **OBLIGATIONS OF THE UNIT OWNERS**

1. **PERIODIC ASSESSMENTS FOR COMMON EXPENSES.** The Association shall have the power to levy, and all Unit Owners shall be obligated to pay, periodic assessments imposed by the Association to meet all Association Common Expenses. Payment of the periodic assessments shall be in equal monthly installments on or before the first day of each month, or in such other reasonable manner as the Board shall designate so long as periodic assessments are levied and paid at least annually.

In addition to the periodic payments for assessments as described above, on or before the initial closing of the sale of each Unit the buyer shall pay a working capital assessment for the purpose of establishing an operating reserve for the Association. The amount of this working capital assessment shall be an amount equal to two (2) months' Common Expense assessment, estimated for the purpose of establishing a working capital fund for the Association (10% of which shall be used to establish the reserve funding, or such greater amount as may be required by agencies guaranteeing residential mortgages).

To the extent reasonably possible and provided the same is allowed by law, Unit Owners shall pay their assessments by automatic bank draft into the Association's designated bank account.

Regular assessments for the first year of the Association's operation shall be based on a total annual Association budget assessment not to exceed \$97,025.

2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE.

The omission by the Board before the expiration of any year, to fix the assessments for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Declaration and Bylaws or a release of any Unit Owner from the obligation to pay the assessments, or an installment thereof for that or any subsequent year, and the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Unit Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or its Unit.

3. SPECIAL ASSESSMENTS. All Unit Owners shall be obligated to pay special assessments imposed by the Association to meet the costs of, among other things, capital improvements, repair or replacement of the Common Elements, allocations to reserves and other extraordinary expenses. Such special assessments must be approved by the Board. If a special assessment is approved, it shall be paid on a schedule approved by the Board.

4. RECORDS. The Association shall keep detailed records of all receipts and expenditures and of all assets and liabilities. The Association shall provide to all Unit Owners at no additional charge within seventy-five (75) days of the close of the fiscal year of the Association an annual income and expense statement and balance sheet. A compilation, review or audit may be required by a vote of the majority of the Board or by the affirmative vote of a majority of the Unit Owners voting at an Association meeting at which there is a quorum. The Association shall make all its financial records and all other Association records, including records of Association meetings or Board meetings available for examination by any Unit Owner (or such Owner's authorized agent) during reasonable business hours.

5. DEFAULT IN PAYMENT OF ASSESSMENTS. The Board shall take prompt action to collect any periodic and special assessments, or portions thereof, due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit Owner in paying any assessments as determined by the Board, such Unit Owner shall be obligated to pay a late charge of the greater of twenty dollars (\$20.00) or ten percent (10%) of the amount of the unpaid installment, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid assessments. The Board shall have the right and duty to attempt to recover such assessments, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by N.C.G.S. § 47C-3-116. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of N.C.G.S. § 47-3-116(b), as at any time amended, shall be controlling.

6. STATEMENT OF ASSESSMENTS OR OTHER CHARGES. The Board shall, within ten (10) days of a request and for a reasonable fee not to exceed fifty dollars (\$50.00), provide any purchaser, Unit Owner, encumbrancer or prospective encumbrancer of a Unit so requesting the same in writing, with a written statement of all unpaid assessments or other charges due from the Owner of that Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement.

7. MAINTENANCE AND REPAIR.

a. Each Unit Owner must perform work within his own Unit, which, if omitted, would adversely affect another Unit or the Common Elements. If the Unit Owner fails to perform such work, then such Unit Owner is responsible for the damages and liabilities caused by his failure.

b. All the repairs of the Units and of those items described in Section 3.3 of the Declaration shall be made by and at the expense of the Unit Owner.

c. All maintenance, repair and replacements to the Common Elements, unless otherwise provided in the Declaration, shall be made by the Association and shall be charged to all the Unit Owners as a Common Expense.

d. If damage for which a Unit Owner is legally responsible and which is not covered by insurance provided by the Association is inflicted on any Common Element, the Association may direct such Unit Owner to repair such damage or the Association may itself cause the repairs to be made and recover the costs thereof from the responsible Unit Owner. If the claim for such damage is five hundred dollars (\$500.00) or less, a hearing may be held before an adjudicatory panel to determine if the Unit Owner is responsible for damages to any Common Element. The panel shall give notice of the charge to the Unit Owner charged with causing damages, an opportunity to be heard and to present evidence, and notice of the decision. The adjudicatory panel may assess a liability for each damage incident not in excess of five hundred dollars (\$500.00) against the Unit Owner charged. Liabilities of Unit Owners so assessed shall be assessments secured by lien under N.C.G.S. 47C- 3-116.

8. UTILITIES. Certain utility services may be shared by more than one Unit, and those Unit(s) may also share such service(s) with the Common Elements. The Association shall maintain in its own name any utility account for a utility service which is shared by two or more Units or the Common Elements. The Association shall receive and pay the invoices for such shared utility service. The cost for all such shared utility service to the Units and the Common Elements and shall be part of the annual budget for the Association and shall be billed to the Units in accordance with the Common Expense Shares.

9. SUBJECT TO DECLARATION. All Community Members, invitees, or any other party occupying a Unit are subject to the terms and conditions of the Declaration.

10. USE OF COMMON ELEMENTS. A Community Member or invitees thereof, shall not place or cause to be placed in the walkways, sidewalks, passages, elevators, stairwells, or other common areas any furniture, or obstructions of any kind. Such areas shall be held in common for the enjoyment of the Community Members and shall be used for no purpose other than for normal transit through or use of them.

11. RIGHT OF ENTRY.

a. Community Members shall grant the right of entry to any person authorized by the Board in case of any emergency originating in or threatening his or its Unit, whether or not the Unit Owner is present at the time.

b. Community Members shall permit the Association, or its representatives, when so required, to enter his or its Unit for the purpose of performing installations, alterations, or repairs to the Common Elements when it is reasonably necessary to access said Common Elements through a Unit, provided that such requests for entry are made in advance and that such entry is at a time convenient to the Community Member. In case of emergency, the right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Unit, if required by the Association, shall deposit a key to such Unit or Limited Common Element under the control of the Association.

12. POLICIES. In order to assure the peaceful and orderly use and enjoyment of the Units and Common Elements, the Board may from time to time adopt, modify, and revoke in whole or in part, pursuant to the Bylaws, such reasonable policies, to be called Policies, governing the conduct of people on the Property. Such Policies, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Unit Owner by posting the same with postage prepaid addressed to the Unit Owner at the last registered address of the Unit Owner, or shall be delivered by electronic mail, and shall be binding upon all Unit Owners and the occupants of Units in the Condominium.

13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation or breach of any Policies adopted by the Board, these Bylaws, or the breach of any provisions of the Declaration shall give the Association the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which such violation or breach exists and to remedy, at the expense of the defaulting Unit Owner, the violation or breach, and the representatives of the Association entering such Unit shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorney's fees, and until such expense is recovered, it shall be a lien upon said Unit, which lien shall be inferior to the lien of all prior mortgages.

14. LITIGATION. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless first approved by the Board. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Declaration (including, without limitation, the foreclosure of liens) or these Bylaws; (b) the imposition and collection of assessments as provided herein; (c) proceedings involving challenges to *ad valorem* taxation; or (d) defense of claims in proceedings initiated against the Association and counterclaims brought by the Association in proceedings instituted against it. In the event any claim is made against Declarant or any litigation is instituted against Declarant, then the Association shall impose a special assessment against all members, other than the Declarant (if permitted by law), for the costs of the claim or litigation, including, without limitation, attorney's fees incurred, and funds from periodic assessments shall not be used for any such claim or litigation.

15. ENFORCEMENT. The Association is empowered to enforce the terms and provisions of the Declaration, these Bylaws, and the Policies by any proceeding at law or equity allowable under the North Carolina Condominium Act. If an Owner has violated the terms and provisions of the Declaration, these Bylaws, or the Policies, the Board or an adjudicatory panel (that is appointed by the Board and consists of members of the Association who are not officers of the Association or members of the Board) has the power to conduct a hearing to determine if the Unit Owner should be fined or condominium privileges or services should be suspended. The Unit Owner charged shall be given written notice of the charge at least ten (10) days prior to the hearing, an opportunity to be heard and to present evidence at the

hearing, and written notice of the decision within three (3) days of the conclusion of the hearing. If a fine is imposed, the fine shall not exceed one hundred dollars (\$100.00) for each day occurring after the fifth day following the decision of the Board or adjudicatory panel until the violation is cured. A fine under this section shall be an assessment secured by the lien established pursuant to the Declaration and N.C.G.S. § 47C-3-116. If a suspension of condominium privileges or services is imposed, such suspension may be continued without further hearing until the violation or delinquency is cured. A Unit Owner may appeal a decision of an adjudicatory panel to the Board by delivering written notice of appeal to the Board within fifteen (15) days after receiving the written decision of the adjudicatory panel, and the Board may affirm, vacate or modify the prior decision of the adjudicatory body.

## **ARTICLE VII** **INSURANCE**

Not later than the time of the first conveyance of a Unit to a person other than Declarant, the Association shall be required to obtain from generally acceptable insurance carriers which meet the requirements set forth in the FNMA Conventional Home Mortgage Selling Contract Supplement and the Federal Home Loan Mortgage Corporation (“**FHLMC**”) Sellers Guide and shall continue to maintain, as set forth below, in forms and amounts as hereinafter described, the following insurance, without prejudice to the right of a Unit Owner to obtain additional individual insurance at his or her or its own expense:

1. **HAZARD INSURANCE.** The Board shall cause the Building, including the Units, to be insured, as it may be constituted from time to time, against loss or damage due to all risks of direct physical loss commonly insured against, including fire and extended coverage perils, in an amount not less than the maximum insurable replacement value of the Building, including the Units, as determined by the Board upon recommendation made by the Condominium's insurer, it being understood that the Board, at its discretion, may have an appraisal made of the Property for this purpose, or in the amount reasonably obtainable as it relates to certain perils. The Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, excluding only the improvements and betterments installed by the Unit Owners and contents and furnishings of the individual Units, and excluding improvements made by Unit Owners to Limited Common Elements.

a. All hazard insurance policies obtained by the Board, shall designate the named insured as the Association, as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Association as Insurance Trustee, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Act.

b. All hazard insurance policies obtained by the Board shall provide for the issuance of certificates of insurance to each Unit Owner. Each Certificate shall evidence the issuance of the master policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Unit is mortgaged, a certificate of insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

c. If obtainable, all hazard insurance policies upon the Property shall include provisions providing that (i) each Unit Owner is an insured person under the policy with respect to liability arising out of his or her or its interest in the Common Elements or membership in the Association; (ii) the insurer waives any rights to subrogation under the policy against any Unit Owner, members of his or her household or such Unit Owner's employees; (iii) no act or omission by any Unit Owner, unless acting within the scope of his or her or its authority on behalf of the Association, will preclude recovery under the policy and (iv) if, at the time of loss under the policy, there is other insurance

in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

d. Each mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request a statement of the replacement value as determined according to these Bylaws. If any such mortgagee disagrees with the values assigned to the Property by such determination and presents an appraisal prepared at such mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall either adopt the higher value or shall cause a reappraisal to be made by a qualified appraiser approved by the Board and by the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determine such value for insurance purposes.

e. Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Units within the Condominium which are covered by the master policy. Such policies shall also provide that they shall not be canceled without giving thirty (30) days prior written notice to all such mortgagees as to whom the insurer has been given written notice.

2. PUBLIC LIABILITY INSURANCE AND UMBRELLA LIABILITY INSURANCE. The Board shall cause to be obtained comprehensive public liability insurance with the minimum coverages established by the Declaration, directors' and officers' liability insurance, and umbrella liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Association to a Unit Owner and to liabilities of one Unit Owner to another Unit Owner.

3. PREMIUM. All premiums upon insurance policies purchased by the Association shall be assessed as Common Expenses to be paid by the Unit Owners through periodic assessment.

4. ADJUSTMENT. Each Unit Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owners.

5. INSURANCE BY UNIT OWNERS. Each Unit Owner shall be responsible for obtaining, at his sole expense, certain insurance as provided in the Declaration.

6. SUBSTITUTION OF INSURANCE TRUSTEE. The Association, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in the county in which the Condominium lies. Any substitute Insurance Trustee appointed by the Association shall succeed to all of the powers and responsibilities vested in the Association as Insurance Trustee under the terms of these Bylaws.

7. ADDITIONAL POLICY REQUIREMENTS. No insurance policy obtained by the Association pursuant to this Article VII shall contain or be subject to the following: (a) terms of the insurance carrier's charter, by-laws or policy that permit contributions or assessments to be made against borrowers, FNMA or FHLMC or the designee of FNMA or FHLMC; or (b) terms of the carrier's charter, bylaws or policy that provide loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or (c) policy provisions that include any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC or the borrowers from collecting insurance proceeds. All insurance policies acquired pursuant to this Article VII must recognize any Substitute Insurance Trustee, if any.

**ARTICLE VIII**  
**RECONSTRUCTION AND REPAIR**

In the event of casualty loss or damage to the Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with N.C.G.S. § 47C-3-113(h) unless (1) the Condominium is terminated; (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (3) the Unit Owners decide not to rebuild by a an eighty percent (80%) vote (including one hundred percent (100%) approval of Owners of Units not to be rebuilt or Owners assigned to Limited Common Elements not to be rebuilt and including the required percentage of Eligible Holders as set forth in Section 4(a)(1) of Article X). The Property shall be repaired in the following manner:

1. Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Unit Owners holding eighty (80%) or more of the total votes in the Association and their mortgagees (and the required percentage of Eligible Holders as set forth in Section 4.b. of Article X), if any, vote to adopt different plans and specifications.

2. The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred, including soft costs such as professional fees and premiums for bids as the Board deems necessary.

3. If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Unit Owners whose units are being reconstructed or repaired in proportion to the damage done to their respective Units.

4. The insurance proceeds received by the Board and the mortgagees, and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds, and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

**ARTICLE IX**  
**INSURANCE TRUST**

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Association as Insurance Trustee. The Association, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following share:

1. Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Units.

2. Insurance proceeds paid on account of loss or damage to fewer than all of the Units, when the damage is to be restored, shall be held for the benefit of Unit Owners of the damaged Units and their respective mortgagees in proportion to the costs of repairing each damaged Unit.

3. Insurance proceeds paid when the entire Property is not to be restored shall be held for the benefit of all Unit Owners, and their respective mortgagees, the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Unit.

4. In the event a certificate of insurance has been issued to a Unit Owner bearing a mortgagee endorsement, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds required by the loan documents to be paid jointly to the Unit Owners and their respective mortgagees pursuant to the provisions of this Declaration.

## **ARTICLE X**

### **MORTGAGEES AND RIGHTS OF ELIGIBLE HOLDERS**

1. **NOTICE TO BOARD.** A Unit Owner who mortgages his or her Unit shall notify the Board of the name and address of his or her Mortgagee.

2. **AVAILABILITY OF CONDOMINIUM DOCUMENTS.** The Association shall make available to Unit Owners, lenders and the holders and insurers of the first mortgage on any Unit, current copies of the Declaration, these Bylaws, the Policies and other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers current copies of the Declaration, these Bylaws, the Policies and the most recent annual audited financial statements of the Association, if such is prepared. As used herein, "available" means available for inspection upon request, during normal business hours. Upon written request from U.S. Department of Housing and Urban Development ("**HUD**"), Veterans Administration ("**VA**"), the Federal Housing Administration ("**FHA**"), FNMA, FHLMC, or Government National Mortgage Association ("**Ginnie Mae**"), which has an interest or prospective interest in the Condominium, the Association shall prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.

3. **NOTICES OF ACTION TO ELIGIBLE HOLDERS.** A holder, insurer or guarantor of a first mortgage on a Unit which is entitled to the rights set forth in Section 9 of Directive No. 4265.1, Chg. 4, Appendix 24 issued by the U.S. Department of Housing and Urban Development and which has given to the Association a written request for notice stating the name and address of such holder, insurer or guarantor and the Unit number (hereinafter referred to as an "**Eligible Holder**"), will be entitled, and the Board shall cause to be delivered, timely written notice of the following:

a. Any proposed amendment of the Condominium Documents effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto; (ii) the interests in the Common Elements or Limited Common Elements appertaining to any Unit or the liability for Common Expenses thereto; (iii) the Common Interests allocated to any Unit; or (iv) the purposes to which any Unit or the Common Elements are restricted;

b. Any proposed termination of the Condominium;

c. Any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first mortgage held, insured or guaranteed by an Eligible Holder;

d. Any delinquency in the payment of assessments or charges owed by a Unit Owner subject to the mortgage that is held, insured or guaranteed by an Eligible Holder, where such



delinquency has continued for a period of 60 days; or

e. Any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to Article VII hereof.

4. APPROVAL RIGHTS FOR ELIGIBLE HOLDERS. The approval of Eligible Holders shall be required in the instances hereinafter set forth:

a. Termination of Condominium.

(i) Upon Casualty or Condemnation. Any election to terminate the Condominium after substantial destruction or a substantial taking in condemnation of the Property requires the approval of the Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated.

(ii) In Absence of Casualty or Condemnation. The approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to a mortgage appertain, shall be required to terminate the Condominium.

b. Restoration or Repair. Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval is obtained of the Eligible holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by Eligible Holders are allocated.

c. Amendment of Condominium Documents. The approval of the Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a mortgage appertain, shall be required to materially amend any provisions of the Condominium Documents or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (i) Voting;
- (ii) Assessments, assessment liens or subordination of such liens;
- (iii) Reserves for maintenance, repair and replacement of the Common Elements;
- (iv) Insurance or fidelity bonds;
- (v) Rights to the use of Common Elements;
- (vi) Responsibility for maintenance and repair of the Common Elements;
- (vii) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
- (viii) Boundaries of any Unit;
- (ix) The interests in the Common Elements or Limited Common Elements;
- (x) Convertibility of Units into Common Elements or of Common Elements into Units;
- (xi) Leasing of Units;
- (xii) Imposition of any right of first refusal or similar restriction on the right

of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium;

(xiii) Establishment of self-management by the Association where professional management has been required by HUD, VA, FHA, FNMA, FHLMC, or Ginnie Mae; or

(xiv) Any amendment to a provision in the Condominium Documents which is for the express benefit of holders or insurers of first mortgages on Units.

## **ARTICLE XI** **AMENDMENTS**

Subject to the rights of Eligible Holders as set forth in Section 4(c) of Article X hereof, these Bylaws may be amended only by consensus of the Unit Owners. Provided, however, where a greater percentage of the vote of Unit Owners is expressly required in the Declaration, by the Act, the Association's Articles of Incorporation or these Bylaws to take action by the Unit Owners, these Bylaws may not be amended to decrease such greater percentage of votes without the consent of Unit Owners holding that greater percentage of votes.

Notwithstanding the foregoing, so long as the Declarant remains the Owner of one or more Units in this Condominium or during that period which is prior to the expiration of the Special Declarant Rights, these Bylaws shall not be amended so as to adversely affect the Declarant or impair in any way the Special Declarant Rights without the Declarant's written consent and joinder.

Notwithstanding the foregoing, these Bylaws may be amended by the Declarant or Association without the consent of any Owner in order to comply with any provisions of law or to correct manifest errors herein. In addition, for so long as Declarant has the right to appoint the majority of the members of the Board of the Association and to the extent permitted by law, these Bylaws may be amended by the Declarant without the consent of any Owner in order to comply with the rules, regulations and policy statements promulgated and issued by HUD, the VA, FHA, FNMA, FHLMC or Ginnie Mae. Any permitted amendment by Declarant shall be effective upon execution by Declarant and recording of the amendment.

## **ARTICLE XII** **MISCELLANEOUS MATTERS**

1. **GENDER; NUMBER.** The use of the feminine gender in these Bylaws includes the masculine gender, and when the context requires, the use of the singular includes the plural.

2. **DEFINITIONS.** Capitalized, defined terms used in these Bylaws shall have the meanings ascribed to them in the Declaration unless specifically set forth in these Bylaws.

3. **EXECUTION OF DOCUMENTS.** The President or Vice President and Secretary are responsible for preparing, executing, filing and recording amendments to the Declaration and Bylaws, and shall be authorized to execute any other document which the Association may from time to time be required to execute.

4. **NOTICES.** All notices required by these Bylaws shall be hand delivered, sent by mail to the Association, or sent by electronic mail at the physical or electronic mail address of the President, and to Unit Owners at the physical address of the Unit or at such other physical address or electronic address as may have been designated by such Unit Owner from time to time in writing to the Association. All

notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

5. CAPTIONS. The captions contained in these Bylaws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision of the Bylaws.

6. INVALIDITY. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

7. CONFLICT. These Bylaws are set forth to comply with the requirements of the North Carolina Condominium Act, the Articles, and the Declaration, all as the same may be amended. In the event of any conflict between these Bylaws and the provisions of such Act or the Declaration, the provisions of such Act or the Declaration, as the case may be, shall control.

Notwithstanding the requirements for consensus decision making in the Articles, these Bylaws, or the Declaration, where the North Carolina Condominium Act or the North Carolina Nonprofit Corporation Act requires decision making by vote, then such vote shall be held in accordance with law and in accordance with the required percentage of votes cast as set forth in the Condominium Documents, or if not so set forth, then as set forth in the relevant statutes.

8. WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.

\* \* \* \* \*

*[secretary's certificate of adoption on following page]*

This is to certify that the above bylaws of Durham Central Park Cohousing Condominium Association were duly adopted by its board of directors at a meeting held on the 15th day of December, 20 13.

This the 15th day of December, 20 13.

*Sue Alexander*  
Sue Alexander, Secretary