

**BY-LAWS
OF
CHURTON GROVE
HOMEOWNERS ASSOCIATION, INC.**

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OF
CHURTON GROVE HOMEOWNER'S ASSOCIATION, INC.**

ARTICLE I

NAME AND LOCATION

Section 1.1. The name of the corporation is **CHURTON GROVE HOMEOWNERS ASSOCIATION, INC.** (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 211 Chancellor's Ridge Drive, Durham, NC 27713. The location of the principal office of the Association may be changed from time-to-time by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 2.1. "Association" shall mean CHURTON GROVE HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.

Section 2.2. "Owner" shall mean the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, of a fee simple title to any dwelling unit or site which is part of the Property (as defined below), including contract Sellers, but notwithstanding any applicable theory of a mortgage, shall not mean or refer to a mortgagee, as a successor or assign, until and unless such mortgagee has acquired title pursuant to foreclosure or a proceeding in lieu of foreclosure, nor shall the term "Owner" mean or refer to any lessee or tenant of an owner.

Section 2.3. "CHURTON GROVE SUBDIVISION" or "Property" shall refer to that certain real property commonly known as CHURTON GROVE SUBDIVISION, which is more particularly described in surveys thereof recorded in Plat Book 85, Page 12, Orange County Registry, which is incorporated herein by reference, and such additions and/or deletions thereto as may hereafter be brought within or taken from the jurisdiction of the Association as subjected to the Declaration (as defined below) or any Supplemental Declaration (as defined below).

Section 2.4. "Common Properties" shall mean and refer to those areas of land within CHURTON GROVE SUBDIVISION which are deeded to the Association for the common use and enjoyment of all Members (as defined below) and designated in whole or in part in said deed as "Common Properties", and shall include recreational amenities, road shoulders, sidewalks, parks, or ponds, if any; all water located outside public right-of-ways, public utility easements and dwelling units or sites, and all sewer lines located outside public right-of-ways, public sanitary sewer easements and dwelling units or sites. The term "Common Properties"

shall also include any personal property acquired by the Association if said property is designated as “Common Properties”. All “Common Properties” are to be devoted to and intended for the common use and enjoyment of the Owners, subject to the fee schedules and operating rules adopted by the Association.

Section 2.5. “Common Expenses” shall mean and include:

- 2.5.1. All sums lawfully assessed by the Association against its Members;
- 2.5.2. Expenses of administration, maintenance, repair, or replacement of the Common Area and/or landscaped rights-of-way;
- 2.5.3. Expenses declared to be common expenses by the provision of the Declaration or the Bylaws;
- 2.5.4. Hazard, liability, or other insurance premiums as the Declaration or the Bylaws may authorize or require the Association to purchase;
- 2.5.4. Ad valorem taxes and public assessment charges lawfully levied against Common Properties;
- 2.5.6 Expenses agreed by the Members to be common expenses of the Association;
- 2.5.7. Unpaid assessments resulting from the purchase of a dwelling at a foreclosure sale (such assessment shall be collectible from all Members including the purchaser at the foreclosure sale, his successors and assigns).
- 2.5.8. Use or access fees for various club or recreational amenities.

Section 2.6. “Amenities” shall mean all lakes, ponds, clubhouse, swimming pools, tennis courts, ball fields, parks, picnic areas, bike trails or other recreational facilities constructed for the specific use and enjoyment of residents and guests of CHURTON GROVE SUBDIVISION.

Section 2.7. “Site” shall mean any developed plot of land regardless of size as shown on a recorded subdivision plat of CHURTON GROVE SUBDIVISION which has been approved by the Declarant as required by this Declaration.

Section 2.8. “Undeveloped Site” shall mean a site or an area of CHURTON GROVE SUBDIVISION not yet developed but intended to contain one or more single family residential units as provided in the subdivision plan for CHURTON GROVE SUBDIVISION, as approved by Orange County, including any additions or deletions thereto.

Section 2.9. “Lot” shall mean and refer to any improved or unimproved parcel of land, with delineated boundary lines, shown upon any recorded subdivision map of the Property, intended for the construction of a detached single family dwelling, excluding any Common Properties as defined herein.

Section 2.10. “Landscaped Rights-of-Way” shall mean subdivision entrances, medians, road shoulders, sidewalks and other areas within street rights-of-way within the Property that may be landscaped or improved with sprinkler or irrigation systems or lighting, and maintained in accordance with the provisions hereinafter contained.

Section 2.11. “Dwelling Unit” or “Unit” shall mean a residence containing sleeping facilities for one or more persons and a kitchen and bathrooms.

Section 2.12. “Member” or “Members” shall mean and refer to every person or entity entitled to membership in the Association as provided in Section 3.1 of this Declaration.

Section 2.13. “Declarant” shall mean and refer to CHURTON GROVE, L.L.C. and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 2.14. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for CHURTON GROVE SUBDIVISION, recorded in Book 2039, Page 210, Orange County Registry, as it may be amended and supplemented (by Supplemental Declarations) from time to time as herein provided.

Section 2.15. “Board of Directors” or “Board” shall mean those persons elected or appointed to act collectively as the directors of the Association.

Section 2.16. “Book of Regulations” shall mean and refer to the document containing rules, regulations and policies adopted by the Board of Directors.

Section 2.17. “Bylaws” shall mean these bylaws of the Association as they now or hereafter may exist.

Section 2.18. “VA” shall mean Veterans Administration, “FHA” shall mean Federal Housing Authority and “HUD” shall mean Department of Housing and Urban Development.

Section 2.19. “Project” or “Property” shall mean and refer to the development commonly known as CHURTON GROVE SUBDIVISION. Declarant has retained, and hereby retains the right to change the name of the Project from CHURTON GROVE SUBDIVISION to another name selected by Declarant by filling an amendment hereto in the records of Orange County, North Carolina.

ARTICLE III
MEETINGS OF MEMBERS

Section 3.1. Members. Declarant, for so long as it shall be an Owner, and every person or entity who is a record Owner of a fee simple or undivided fee simple interest in any dwelling unit or site that is subject by the Declaration to assessments by the Association shall be a Member of the Association; provided, however, that any such person or entity who holds such title or interest merely as security for the performance of an obligation shall not be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any dwelling unit or site which is subject to assessment by the Association. Ownership of a dwelling unit or site shall be the sole qualification for Membership. The Board of Directors of the Association may make reasonable rules relating to the proof of ownership of a dwelling unit or site in CHURTON GROVE SUBDIVISION. No Owner shall have more than one Membership per lot, except as expressly provided hereinafter.

Section 3.2. Member Class and Voting Rights. The Association shall have two (2) classes of voting Members:

Class A. Class A Members shall be all Owners with the exception of the Declarant, until its Class B Membership has converted to Class A Membership. Class A Members shall be entitled to one (1) vote for each dwelling unit or site in which they hold the required ownership interest.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each dwelling unit or site in which it holds the required ownership interest, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(a) The Declarant has conveyed 75% of all properties to be developed at CHURTON GROVE SUBDIVISION (including additional lands to be annexed) to Class A Members.

(b) Not later than December 31, 2015. Thereafter, the Declarant may be entitled to one (1) vote per dwelling unit or site owned by it.

Section 3.3. Voting Right Suspension. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a member remains unpaid according to the provisions of Section 4.8 below.

Section 3.4. Voting. The total vote of the Association shall consist of the sum of the votes of the Class A Members and the votes of Class B Members present in person or by proxy at a legally constituted meeting at which a quorum is present. The number of votes present at a meeting that will constitute a quorum shall be as set forth in the By-Laws, as amended from time to time. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein as the same may be amended from time to time. Quorum and notice requirements shall be as provided in the By-Laws except when otherwise specified in the Declaration.

When more than one person holds an interest in any dwelling or site, all such persons shall be Members; and the vote for such dwelling unit or site shall be exercised as they among themselves determine; however, in no event may more than one vote be cast with respect to any one Dwelling Unit or Site owned by Class A Members and in no event shall fractional votes be allowed. When one or more Co-Owners signs a proxy or purports to vote for his or her Co-Owners, such vote shall be counted unless one or more other Co-Owners is present and objects to such a vote or, if not present, submits a proxy or objects in writing delivered to the Secretary or the Association before the vote is counted. Cumulative voting is not allowed.

A person or entity's membership in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, but such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or this Declaration during the period of such ownership, or impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

Section 3.5. Right of Declarant to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until December 31, 2010, or until Declarant shall have conveyed seventy-five percent (75%) of the Properties to Class A Members, whichever occurs first, Declarant (or its expressed assignee of the right granted in this section) shall have the right to designate and select all persons to serve on the Board of Directors, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association.

Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and replace such person or persons with another person or persons to act and serve in the place of any director or directors so removed. Any director designated and selected by Declarant need not be an Owner. Any representative of Declarant shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have pecuniary interest or other interest.

ARTICLE IV
MEETING OF MEMBERS

Section 4.1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association. Each subsequent regular meeting of Members shall be held in the same month of each year thereafter unless a different date is fixed by the Board of Directors.

Section 4.2. Special Meetings. Special meetings of the Members may be called at any time by the President, Secretary, or Board of Directors of the Corporation, or by any Member pursuant to the written request of the holders of not less than one-tenth of all votes of Class A and Class B Membership. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in said notice.

Section 4.3. Place of Meetings. Meetings of the Members shall be held at such place, within North Carolina, as may be determined by the Board of Directors.

Section 4.4. Notice of Meeting. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, written or printed notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty days before the date of any Members' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting; provided that such notice must be given not less than twenty days before the date of any meeting at which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered to the member at his address as it appears on the record of members of the Association, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Nonprofit Corporation Act.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 4.5. Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, the presence at a meeting either in person or by valid proxies of at least twenty-five percent (25%) of all of the Members eligible to cast votes (Class A and B) shall constitute a quorum for any action. If, however, such quorum shall not

be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time for not more than thirty (30) days without further notice other than an announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 4.6. Proxies. Voting may be either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney-in-fact. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or may cease upon written notice of cancellation of proxy by Member.

Section 4.7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, which consent filed with the Secretary of the Association to be kept in the minute book of the Association. Multiple copies of such consent may be signed which, when taken together, shall constitute one consent.

Section 4.8. Loss of Right to Vote. The vote of any Member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be eligible to vote and shall not be counted for purposes of deciding any questions so long as such delinquency is not cured, nor shall such member be eligible to be elected to or to remain on the Board of Directors.

ARTICLE V

BOARD OF DIRECTORS

Section 5.1. General Powers. The business and affairs of the Association shall be managed by its Board of Directors.

Section 5.2. Number, Term and Qualifications. The number of directors constituting the Board of Directors shall be a minimum of three. At the first annual meeting of the Association after which transition to homeowner control has taken place, the number of Directors may be increased to five (5). At this first annual meeting after transition, the Members may elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years, should they elect to increase the number of directors to five (5). If the Members elect to continue to maintain a board of three (3) Members, they shall elect a one, two and three year director. At subsequent annual meetings thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term (s) is (are) expiring to serve for a term of three (3) years. Directors need not be Members of the Association.

Section 5.3. Election of Directors. Except as provided in Section 5.6 below, the directors shall be elected at the annual meeting of Members; and those persons who receive the highest number of votes shall be deemed to have been elected.

Section 5.4. Election. The directors may be elected by secret written ballot, if a member so demands at the time of election. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5.5. Removal. Any director may be removed at any time with or without cause, by a majority vote of the Members.

Section 5.6. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the selection of a successor by the remaining Directors, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the Directors.

Section 5.7. Compensation. No Director shall receive compensation for any service he may render to the Association in the capacity of Director. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE VI **MEETINGS OF DIRECTORS**

Section 6.1. Regular Meetings. A regular meeting of the Board of Directors shall be held at least quarterly, with oral notice, at such place and hour as may be fixed from time to time by the Board of Directors.

Section 6.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, upon at least forty-eight (48) hours prior written notice. The said notice shall specify the agenda for said meeting, and no other action shall be taken at said meeting that is not set forth on the said written notice.

Section 6.3. 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 6.4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the Directors and filed with the minutes of the proceedings of

the Board, whether done before or after the action is so taken.

Section 6.5. Participation in Meetings by Means of Conference Telephone.

Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or of such committee by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers: The Board of Directors shall have power to:

7.1.1. Adopt and publish rules and regulations governing the use and enjoyment of Lots and the Common Properties; the personal conduct of the Members and their guests thereon, and to establish and enforce fines and penalties for any infraction of these Rules and Regulations or for violations of the Declaration or By-Laws except that no Rule or Regulations imposed by the Board of Directors shall in any way limit the right of Declarant to develop the Property.

7.1.2. Suspend a Member's voting rights during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to the provisions of the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its discretion, may determine, for a period not to exceed 90 days for infraction of the published rules and regulations of the Association;

7.1.3. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

7.1.5. Employ a manager, independent contractors, or such other employees or agents as it may deem necessary and prescribe their duties. In the event a contract is entered into with a management company to manage the affairs of the Association, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice;

7.1.6. Employ attorneys to represent the Association when necessary;

7.1.7. Grant easements for the installation and maintenance of sewage, utility or drainage facilities upon, over, under and across the Common Properties without the assent of the Members, when such easements are necessary for the convenient use and enjoyment of the Property;

7.1.8. To purchase and sell assets, including real property, to execute deeds or other legal documents to effectuate the transfer of Common Areas as allowed under the Declaration;

7.1.9. Appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient; and

7.1.10. Grant temporary easements to adjacent lot owners, without members assent, to effect necessary repairs and maintenance to properties constructed on common lot lines whereby no other method of maintenance can reasonably be performed.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

7.2.1. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by Members entitled to at least one-fourth (1/4) of the votes appurtenant to Class A Lots;

7.2.2. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

7.2.3. As more fully provided in the Declaration, to:

7.2.3.1. Fix the amount of the annual assessments against each Lot at least thirty (30) days before January 1 of each year;

7.2.3.2. Send written notice of each assessment to every Owner subject thereto at least fifteen (15) days before January 1 of each year;

7.2.3.3. As to any Lot for which an assessment is not paid within sixty (60) days after it becomes due, bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against such Lot.

7.2.3.4. Issue, or cause an appropriate office to the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of such certificates. If a certificate states that an

assessment has been paid, such certificate shall be conclusive evidence of such payment;

7.2.3.5. Procure and maintain reasonable and adequate liability insurance covering the Association in an amount not less than \$1,000,000.00, and adequate hazard insurance on the real and personal property owned by the association;

7.2.3.6. Pay all legitimate bills and obligations of the Association and cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

7.2.3.7. Cause the Common Properties and all facilities erected thereon to be maintained;

7.2.3.8. If necessary, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements construed on the Common Properties;

7.2.3.9. Provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within the Properties as is required by the Declaration or these By-Laws; and

7.2.3.10. Pay all ad valorem and public assessments levied against the real and personal property owned by the Association.

ARTICLE VIII **OFFICERS AND THEIR DUTIES**

Section 8.1. Enumeration of Officers. The officers of the Association shall include a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, such assistant officers as may be elected by the directors from time-to-time, and such other officers as the Board may from time-to-time create.

Section 8.2. Election of Officers. The election of officers shall take place at the annual meeting of the Board of Directors immediately following the annual meeting of the Members.

Section 8.3. Term. Each officer shall hold office for one (1) year and until his successor shall be elected and qualify, unless he shall sooner resign, be removed, or be otherwise disqualified to serve.

Section 8.4. Resignation and Removal. Any officer may be removed from office, with or without cause, by a majority vote of 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 8.5. 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 8.6. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4.

Section 8.7. Duties. The duties of the officers are as follows:

8.7.1. President. The President shall preside at all meetings of the Members and the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, promissory notes, mortgages, deeds and other written instruments, and, in the absence of the Treasurer, shall sign all checks.

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

8.7.3. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring a seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association and their address, and perform such other duties as required by the Board.

8.7.4. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks of the Association, shall keep proper books of account, and subject to a majority vote of Members shall cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members. Any or all of the duties may be delegated to a Management Company at the order of the Board of Directors.

ARTICLE IX
COMMITTEES

Section 9.1. Committees. The Board of Directors of the Association may appoint a Nominating Committee, as provided in these By Laws, and shall appoint an Architectural Control Committee, as provided in the Declaration. The Board of Directors may appoint such other committees as it deems appropriate in carrying out its purpose.

ARTICLE X
BOOKS AND RECORDS

Section 10.1. Books And Records. The books, records and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any Member or his authorized agent during normal business hours with reasonable appointment. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection at the principal office of the Association, where authorized copies may be purchased at a reasonable cost.

ARTICLE XI
ASSESSMENTS

Section 11.1. Assessments. As more fully provided in Article IV of the Declaration, each Member is obligated to pay to the Association annual and special assessments, and use and access amenity fees, all of which are secured by a continuing lien upon the Property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum or the maximum interest rate charge as may be established by the Board of Directors, but said rate shall not exceed the maximum rate allowed under the laws of North Carolina. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot for which such assessment is due. Interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non use of the Common Area or abandonment of his unit.

ARTICLE XII
CORPORATE SEAL

Section 14.1. Corporate Seal. The Association shall have a seal in circular form having within its circumference the words:

CHURTON GROVE HOMEOWNERS ASSOCIATION, INC.

ARTICLE XIII
AMENDMENTS AND CONFLICTS

Section 13.1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of members present at a meeting duly called for such purpose, in person or by proxy, except that the Federal Housing Administration or the Veterans Administration may have the right to veto amendments while there is a Class B Membership.

Section 13.2. Conflicts. In case of any conflict between the Articles of Incorporation, the Declaration and/or these By-Laws, the Articles shall first control, and then the Declaration.

ARTICLE XIV
FISCAL YEAR

Section 14.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

CERTIFICATION

I, the undersigned, do hereby certify that I am duly elected and acting Secretary of the **CHURTON GROVE HOMEOWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation, and that the foregoing By-Laws constitute the original By-Laws of said **CHURTON GROVE HOMEOWNERS ASSOCIATION, INC.**, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 2001.

IN WITNESS WHEREOF, I hereunto subscribed my name and affixed the seal of said **CHURTON GROVE HOMEOWNERS ASSOCIATION, INC.** this _____ day of _____, 2001

Secretary