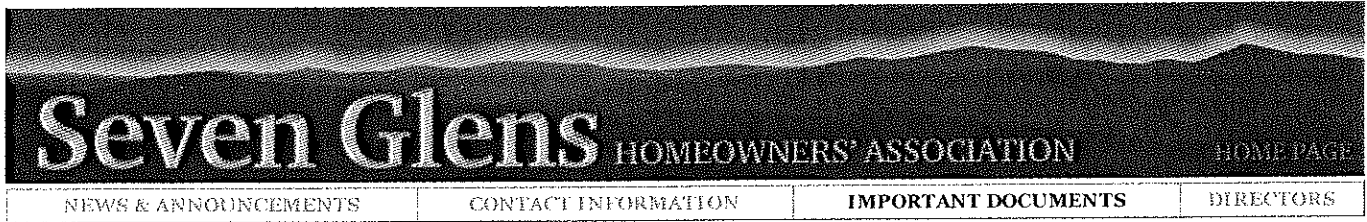


SUMMARY OF RESTRICTIVE COVENANTS

This is only a summary of the Seven Glens Restrictive Covenants. The Seven Glens Declaration and Bylaws should both be referred to for the exact and complete provisions governing Seven Glens.

All owners are members of Seven Glens Homeowners Association. Please refer to the sources below to determine the current Annual General Assessment.

- Plans for all buildings, structures, fences, driveways, road-cuts, modifications, and pools must be submitted to the Architectural Review Committee for prior approval. An approved site plan is also required. Subsequent modifications of plans and alterations of exteriors must be approved.
- A \$1,000 application fee must be submitted with plans, \$500 of which is refundable if no damage to Association property and covenants complied with during construction.
- Exterior construction must be complete within 12 months. Disturbed land must be mulched and seeded.
- Residences must be 1800 sq. ft (2000 sq. ft in the "Gates") of heated, finished living space and include a garage for minimum of 2 cars. Multi-story residences must have a minimum of 1,000 sq. ft. on main level. Open porches, basements (finished or unfinished) and garages not counted in determining living floor space. Guest residence minimum 1,000 sq. ft.
- Contractors must keep lots and roads clean. During construction lot entrance must be graveled.
- No clear-cutting exceeding 1/4th of an acre on any Lot, except coincident with approved structures. No dumping of trees, debris, or other unsightly material on lot.
- Paved driveways required, unless exemption granted for unusual length or grade.
- Construction must commence within 6 months of approval of plans.
- Initial color and any subsequent change of house color must be approved.
- All fencing must be approved.
- All builders and site preparation contractors must be approved.
- No trailer, mobile home, camper, or the like may be used as a temporary residence.
- Unlicensed or inoperable vehicles not allowed on roads or lots.
- Boats, campers, trailers, and recreational vehicles may be kept only in garages. The size and weight of vehicles that may be parked or stored may be restricted. No parking on roads or shoulders overnight. Construction vehicles may park only on lot under construction.
- Obnoxious and offensive activities not allowed.
- Exterior lighting restricted. Noise restricted between 8:00 pm and 7:00 am.
- No construction between 8:00 pm and 7:00 am.
- Outside airing/drying not allowed.
- Location of satellite dishes and antennae restricted consistent with FCC requirements.
- Lot subdivision not allowed without approval.
- Up to 3 domestic pets allowed; may not run at large, nor be a nuisance. Horses must be preapproved prior to lot purchase.
- Lots restricted to residential use; no commercial or business endeavor allowed other than in-home business or occupation complying with certain conditions.
- No signs allowed without approval, except for a for sale sign complying with certain conditions.
- Fuel tank must be buried or otherwise comply with certain conditions.
- Property must be maintained to preserve natural character and beauty of Seven Glens
- Property may not be used exclusively for rental and must be owner occupied for part of each year. No short term rentals.
- Hunting and discharge of firearms prohibited
- No planting or structure which may interfere with utilities allowed in easements.



SEVEN GLENS

AMENDED AND RESTATED

DECLARATION

OF

PROTECTIVE COVENANTS

RESTRICTIONS AND
RESERVATIONS

JULY 8, 2006

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STATE OF NORTH CAROLINA

COUNTY OF MADISON

FILED in MADISON County, NC
on Jul 18 2006 at 12:22:02PM
by Susan Rector
Register of Deeds

AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS RESTRICTIONS AND RESERVATIONS

THIS AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS AND RESERVATIONS SEVEN GLENS SUBDIVISION (hereinafter "Agreement") made and entered into as of the 8th day of July, 2006, by and among Pheasant Run, Inc. (Subdivider), Seven Glens Homeowners Association, Inc. (Association), and all persons, firms, and corporations now owning or hereafter acquiring lots within the subdivision known as Seven Glens Subdivision..

WHEREAS, the Subdivider, as developer of that certain tract of land described in Deed Book 165, Page 13 and Deed Book 266, Page 395 reflected on the certain plats recorded in the Office of the Register of Deeds for Madison County, North Carolina, said land and plats being more particularly described on Exhibit A attached hereto and incorporated herein by reference, and said tract being commonly known as Seven Glens Subdivision (the "Subdivision"), has developed the Subdivision in separate segments being referred to as a "Phase"; and

WHEREAS, The Subdivider has previously recorded a Declaration of Protective Covenants, Restrictions and Reservations in the Office of the Register of Deeds for Madison county, North Carolina, including certain amendments thereto, as more particularly described on Exhibit B attached hereto and incorporated herein by reference (the "Declaration") to, be applicable to the Subdivision; and

WHEREAS, the Subdivider, the Association, and the Owners in accordance with North Carolina General Statutes Section 47F-1-102(d), have amended the Declaration to provide that the Subdivision shall be subject to the North Carolina Planned Community Act (the "Act"), as the same may be amended from time to time, said amendment having been recorded in Deed Book 358, at Page 79, of the Madison County Register; and

WHEREAS, in accordance with the Act, upon the affirmative vote of a greater than 67% majority of the members of the Association, including the Developer, the parties hereto have determined to amend the Declaration by deleting it in its entirety and in lieu thereof adopting this Agreement as the sole declaration applicable to the Subdivision; and

WHEREAS, the parties hereto intend and agree that the restrictions and other agreements contained in this Agreement shall apply to all present and future owners of Lots in the Subdivision and shall supercede and replace in their entirety the restrictive covenants applicable to the Subdivision, including, without limitation, those certain instruments recorded in the Office of the Register of Deeds for Madison County, North Carolina as more particularly described in Exhibit B; and

WHEREAS, the parties desire to impose upon the Lots in the Subdivision certain mutual and beneficial restrictions, covenants, conditions, and charges for the benefit and complement of all Lots in order to promote the best interest and protect the investments of all present and future owners of Lots in the Subdivision; and

WHEREAS, the Subdivider desires, in accordance with the terms and conditions contained herein, to transfer all of Subdivider's retained rights of control over certain Phases of the Subdivision to the Association for the benefit of the Subdivision and for the benefit of all present and future purchasers and owners of Lots in the Subdivision, and the Association desires to assume such control; and

NOW THEREFORE, in consideration of the premises and for the advantage and benefit which the Association, the Subdivider, and all present and future owners will receive from the sale and ownership of the Lots in a restricted subdivision and to establish a revised general scheme of development for the Subdivision, the Association, Subdivider, Owners and their heirs, legal representatives, successors and assigns, covenant, agree and hereby restrict the Subdivision as follows:

ARTICLE 1 DEFINITIONS

Section 1.1. "Act" means the North Carolina Planned Community Act as found in Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

Section 1.2. "Agreement" means this Amended and Restated Declaration of Protective covenants, Restrictions and Reservations.

Section 1.3. "ARC" shall mean the Architectural Review Committee established pursuant to Section 3.1 of this agreement.

Section 1.4. "Association" shall mean and refer to Seven Glens Homeowners Association, Inc.

Section 1.5. "Board of Directors" or "Board" shall mean the board of directors of the Association.

Section 1.6. "Bylaws" shall mean and refer to the Bylaws of the Association as amended from time to time.

Section 1.7. "Dwelling Unit" shall mean and refer to any detached single-family residential dwelling constructed or to be constructed on or within a Lot.

Section 1.8. "Common Property" shall mean all real and personal property, together with those areas within the Subdivision, which are currently or in the future may be deeded to or acquired by the Association for the common enjoyment of the Members of the Association.

Section 1.9. "Lot" shall mean and refer to any plot of land together with the improvements thereon shown upon any recorded or hereafter recorded subdivision plat of the land described in Exhibit A, or a plot of land conveyed to an Owner and described in the conveyance to be a "Lot".

Section 1.10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Dwelling Unit, which is a part of the Subdivision, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.11. "Phase" shall mean the individual phase of development of the Subdivision, as shown on any Plats and in addition, as the final phase, all lots numbered 167 and higher.

Section 1.12. "Plans and Specs" shall mean the plans and specifications, including a complete site plan, required to be submitted to the ARC pursuant to Section 3.2 of the Agreement.

Section 1.13. "Plat" or "Plats" shall mean the plat(s) of survey for the subdivision depicting Lots and Common Areas therein which are referred to in Exhibit A attached hereto and subsequent plats which may hereafter be recorded of the Subdivision land as described in Exhibit A.

Section 1.14. "Subdivider" shall mean Pheasant Run, Inc. or its successors.

Section 1.15. "Subdivision" shall mean the property known collectively as Seven Glens, which shall include all additions thereto, including, without limitation, "The Gates at Seven Glens" and such other real property as may be brought within the Subdivision by the Subdivider as further provided herein.

Section 1.16. "Termination of Subdivider's Authority" shall mean the termination of all authority of the Subdivider under this Agreement as provided in Section 8.2 of this Agreement.

Section 1.17. "Trailer" shall mean a conveyance of any kind used to house or transport people, materials or objects which is designed to be pulled by a motorized vehicle.

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ARTICLE II HOMEOWNERS ASSOCIATION

Section 2.1. Owners. All Owners in Seven Glens shall be members of the Association and participate in the responsibilities and privileges of the Association as set forth in the Bylaws of the Association and under applicable law.

Section 2.2. Subdivider. Subdivider will maintain roads within each Phase of the Subdivision. When 80% of the Lots within a particular Phase have been sold then the Association shall maintain the roads in such Phase. Roads throughout the Subdivision are private roads and will not be state maintained. Upon the sale of 80% of the Lots within a Phase, the Subdivider shall transfer control of such Phase to the Association, including the release of all of the Subdivider's reserved rights in such Phase.

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ARTICLE III ARCHITECTURAL REVIEW AND CONTROL

Section 3.1. Members. Until the Termination of the Subdivider's Authority, the ARC shall be composed of two (2) members appointed by the Subdivider and one (1) member appointed by the Board of Directors of the Association, who may be a member of the Board. Thereafter, the ARC shall be composed of a Chairman and two (2) or more other persons all of whom shall be appointed by the Board of Directors of the Association and may include members of the Board.. ARC members appointed by the Board shall serve at the pleasure of the Board for a term of two (2) years and may be reappointed from time to time for any number of additional one (1) year terms. A quorum for ARC action shall be three members.

Section 3.2. Duties and Approval of Plans. It shall be the duty of the ARC to regulate the external design, appearance and location of Dwellings and improvements on any Lot and the clearing of such Lots. No building, structure, fence, driveway, road-cut or modification thereof of any kind, including, without limitation, above or in-ground pools, shall be erected, placed, altered or allowed to remain on any Lot until the plans and specifications for same, including a complete site plan (collectively the "Plans and Specs"), have been approved in writing by the ARC. In the event that no ARC is established, the Board of Directors

shall have the authority to act as such pursuant to this Article III. The ARC shall have the authority to adopt architectural guidelines, procedures and reasonable rules and regulations regarding any matter relating to its function or purpose subject to the approval of the Board of Directors. The disapproval of Plans and Specs submitted may be based upon any reasonable grounds, including purely aesthetic judgment of the ARC. After the termination of the Subdivider's Authority, any disapproval by the ARC may be appealed to the Board if the Owner seeking to appeal has delivered to the Board written notice of request for appeal within ten (10) days after such Owner's receipt of disapproval by the ARC. Once Plans and Specs have been approved, no alterations thereof may be made without the prior written consent of the ARC. Since it is the Association's and Subdivider's intention to create and maintain a relatively uniform scheme of finishes within the Subdivision, no alterations in the exterior appearance of any structure shall be made at any time without the prior written approval of the ARC. One complete copy of the Plans and Specs shall be furnished by the Owner to and retained by the ARC.

Section 3.3. Application Fee. Upon submission to the ARC of Plans and Specs for the construction of a Dwelling for approval, the Owner shall pay to the Association an Application Fee in the amount of \$1000.00, of which \$500 shall be retained by the Association, and \$500 may be refundable to the extent hereinafter provided upon completion of construction (including the driveway). The refundable portion of the Application Fee shall be returned to the Owner to the extent that the Owner is not obligated to the Association for any damages caused during construction and if the Owner and Owner's contractors have complied with the provisions of this Agreement during all phases of construction. Any portion of the Application Fee which is retained because of damages owed to the Association shall reduce the amount of such damages and the Owner shall remain liable for any remaining balance. The Board may increase or decrease, from time to time, the amount of the Application Fee, the amount that is refundable, or both.

Section 3.4. Rules and Regulations. The ARC and Subdivider shall have responsibility for implementing and enforcing reasonable rules and regulations promulgated in accordance with Article III, Section 3.2, and for enforcing the restrictions contained in this Agreement which are related to the function or purpose of the ARC as determined by the Board of Directors.

Section 3.5. Liability. Neither the ARC, the Association, the Subdivider nor any of their representatives shall be liable for damages to anyone submitting Plans and Specs for approval or to any Owner or occupant of any structure by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of any Plans and Specs or the failure to approve any Plans and Specs. Any Owner making or causing to be made any proposed improvement or additions on any portion of a Lot or Dwelling Unit agrees and shall be deemed to have agreed, for such Owner, and his heirs, personal representatives, successors and assigns, to hold the ARC, the Association, and Subdivider and all other Owners harmless from any liability, damage and from expenses arising from the construction and installation of any proposed improvement and such Owner shall be solely responsible for the maintenance, repair and insurance of any alteration, modification or change and for assuring that the proposed improvement meets with all applicable governmental approvals, rules and regulations. No approval as provided herein shall be deemed to represent or imply that the proposed improvement, if constructed in accordance with the approved plans and specifications, will result in properly designed improvements or will meet all applicable building codes, applicable governmental permits or other governmental requirements

Section 3.6. Construction. The complete exterior of any dwelling constructed shall be finished in a timely, efficient and attractive manner within twelve (12) months from beginning of construction. This includes grading and clean up of unused materials. Commencement or start of construction shall begin with grading and clearing. All disturbed land shall be mulched for erosion control and seeded as soon as possible and disturbed parts of the road and road's right-of-way shall be brought back to the original condition. All primary residences shall be Dwelling Units and have no less than eighteen hundred (1800) Sq. Ft., (except within "The Gates" where the requirement is for no less than two thousand (2000) Sq. Ft.), of heated, finished living space, and a garage for at least two (2) cars. Multi-story residences must have a minimum of one thousand (1000) square feet on the main level. Open porches, basements (finished or unfinished) and garages shall not be counted in determining living floor space. One guest residence may be constructed in addition to the primary residence and must have a minimum of one thousand (1000) heated, finished square feet of living space and be in compliance with all of the provisions of this Agreement.

Section 3.7. Lot Conditions. An Owner shall ensure that the contractor or builder on any Lot shall keep the Lot and Association roadways free of dirt, mud, gravel, rubbish, boards, cans, papers and other unsightly refuse. During construction, entrances to the Lot must be graveled to prevent the tracking of dirt and mud onto Association roadways.

Section 3.8. Standards. All Dwelling Units, guest residences, and non-residential outbuildings shall be constructed, finished and maintained in accordance with (a) all applicable laws, codes and regulations, (b) high aesthetic standards, and (c) in good workmanlike manner, and shall be used only for purposes allowed under this Agreement.

Section 3.9. Clearing and Debris. There shall be no clear-cut area exceeding twenty-five one-hundredths (0.25) of an acre on any Lot except for that construction coincident with house seats, driveways, and other approved structures. No Lot shall be used as a dumping ground for trees, stumps, debris or other unsightly material. It shall be the responsibility of the Lot Owner to immediately remove all such material from the Lot. Should the Owner not remove such material, then the Association may do so and recover the costs thereof from the Owner

Section 3.10. Utilities and Permits. All owners in Seven Glens are responsible for obtaining their own utilities and their own water source(s) on each tract, and each Owner shall be responsible for obtaining an acceptable domestic septic percolation approval from the Madison County Health Department.

Section 3.11. Driveways. A driveway shall be constructed from the private roadway of the Subdivision to the garage on each Lot. Unless a written exemption is received from the ARC and Developer, main driveways serving lots shall have a minimum

width of at least eight (8) feet. The driveways shall be surfaced with Portland cement concrete, asphalt, or other surfacing material approved by the ARC, except that the ARC may grant an exemption in writing for all or part of an unusually long or steep driveway, provided that the first twenty (20) feet, or such greater or lesser length as may be determined by the ARC depending upon the circumstances, from the Association roadway of every driveway shall be surfaced as aforesaid. Driveways shall be constructed and maintained by the Owner so as to prevent erosion and runoff. Ditches and culverts shall be installed to provide drainage, and roads shall be left in their original condition.

Section 3.12. Damage. Owners constructing new homes within the Subdivision shall be responsible for damages done to the Subdivision roadways during the construction process and shall immediately repair any damage done to Subdivision roadways at their own expense. Should the Owners not make such repairs, then the Association may cause repairs to be made and recover damages from the Owner. During construction, entrances must be graveled to prevent tracking of mud and dirt onto roadways.

Section 3.13. Approval Term. Approval of Plans and Specs for construction is only valid for six (6) months. If there is more than six (6) months between the approval and beginning of construction, the Plans and Specs must be resubmitted for reapproval by the ARC. Another Application Fee shall not be payable upon resubmission, if the resubmission is made by the same Owner who originally submitted the Plans and Specs for approval.

Section 3.14. Color. The color of any house or building must be approved by the ARC. This applies to the initial color of the house as well as to any changes in color.

Section 3.15. Fencing. The location, style and material of any fencing must be approved by the ARC.

Section 3.16. Builder Approval. All builders and site preparation contractors must be approved by the ARC.

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ARTICLE IV USE RESTRICTIONS

Section 4.1. Trailers and Residences. No Trailer, mobile home, including single, double or triple-wide trailers, or other form of mobile or manufactured home, motor home, camper truck, or travel trailer shall at any time be used as a residence, temporarily or permanently, nor shall any residence of a temporary character be permitted.

Section 4.2. Vehicles. No unlicensed, uninspected, or regularly inoperable vehicle shall be kept or allowed to remain on any roadway within the Subdivision or on any Lot outside of a garage, except that this restriction shall not apply to operable antique, classic and vintage automobiles. Except for emergency repairs and subject to the variance provision of Section 8.3 of this Agreement, no person shall repair, store, or park any boat, camper, Trailer, or recreational vehicle or equipment of any kind upon any portion of the Subdivision, except inside a garage. The Board shall have the right and authority to formulate rules governing the size and weight of vehicles, which may be parked or stored within the Subdivision. No vehicle shall be parked overnight or regularly during the day on or abutting the roadways or shoulders within the Subdivision. During construction on a Lot, vehicles related to the construction shall not park on any property other than that specific Lot

Section 4.3. Trash and Lot Maintenance. No Lot shall be used or maintained in an unsightly manner, nor shall any junk, rubbish, trash, garbage, refuse, debris, or other unsightly material be kept on any Lot, except household garbage, trash and debris which is kept in covered containers which are reasonably screened from view. No material or liquid waste of any kind shall be drained, dumped or disposed of in any way into open ditches or watercourses.

Section 4.4. Activities. No obnoxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become a nuisance or unreasonable annoyance to other Owners.

Section 4.5. Lighting and Noise. No exterior lighting of any kind, including without limitation mercury vapor lighting, shall be obtrusive or constitute a nuisance or unreasonable annoyance to other owners. No exterior noise and no noise from within any building, other than noise normally associated with grounds or building maintenance, shall be at such volume that the noise is audible beyond the boundaries of the Lot from which it originates so as to constitute a nuisance or unreasonable annoyance. No grounds or building maintenance producing any noise audible beyond the boundaries of the Lot from which it originates and no construction shall be permitted after 8:00 PM or before 7:00 AM.

Section 4.6. Airing and Drying. Outside airing or drying of clothes, bedding, towels or other items is not allowed.

Section 4.7. Satellite Dishes and Antennae. Certain antennas, including satellite dishes one (1) meter or less in diameter, are covered by the Federal Communications Commission's Over-the-Air-Reception Devices ("OTARD") Rule. The restrictions contained in this Section are intended and shall be construed so as to comply with such Rule. Any antenna, satellite dish, or similar object designed or intended to receive or transmit television, radio or other signals shall be attached to the Dwelling on the Lot on which it is located, provided, however, if the OTARD Rule applies to such device, such placement shall not be required if it precludes reception of an acceptable quality signal, or unreasonably delays or unreasonably prevents the use of or unreasonably increases the cost of the antenna. If attachment to the Dwelling is not so required, then the device shall be placed in such a location on the Lot as is least conspicuous from the roadway fronting the Dwelling (e.g. the rear of the Lot) which is permissible under the OTARD Rule. Any antenna, satellite dish, or similar object designed to receive or transmit television, radio,

or other signals, which is greater than one (1) meter in diameter or taller than three (3) feet, and which is not covered by the OTARD Rule, is not permitted. Questions as to the interpretation of the restrictions contained in this Section may be referred to the Board.

Section 4.8. Lot Subdivision. No resubdivision of Lots shall be permitted without the prior written approval of the ARC.

Section 4.9. Animals. No animals shall be allowed on any lot except three (3) domestic pets per Lot. Domestic pets shall not be allowed to run at large, nor to be a nuisance to other homeowners in Seven Glens. Horses shall be permitted on Lots as predetermined in writing by Subdivider prior to purchase from Subdivider. For Lots sold after the date of this Declaration, the written permission of the ARC shall also be required at the time permission of the Subdivider is granted. There shall be a minimum of two (2) acres of open pasture for each horse allowed. Horses shall be cared for, stabled and maintained in such a manner so as not to be a nuisance to other homeowners in Seven Glens. Properties used by horses must be seeded in grass and fertilized annually.

Section 4.10. Residential Use. Other than as permitted by Section 4.14, all Lots shall be restricted to residential purposes and no commercial or business endeavor shall be allowed in Seven Glens, except that an in-home business or occupation may be allowed so long as: (a) it does not have customers, suppliers, delivery trucks or clients coming to the Lot, other than on a non-routine, occasional basis, and (b) it does not violate any other provisions of this Agreement.

Section 4.11. Signs. Without the prior written approval of the ARC, no sign of any kind, other than political signs permitted under the Act, shall be displayed on any Lot (whether within or without a structure), except: (a) one sign advertising the property for sale which shall be neither more than four (4) square feet (including any frame or support structure), nor at the top more than four (4) feet above grade; or (b) one sign not exceeding the aforesaid size and height restrictions used by a builder to advertise the Lot during the construction and sale period. The Association shall have the right to erect entrance signs or other signs designed to designate areas within the Subdivision, including street signs.

Section 4.12. Tanks. Fuel tanks larger than one hundred (100) gallons and similar storage receptacles shall be installed only within the Dwelling Unit or garage, if permissible under law, or shall be buried. Fuel Tanks with a capacity of one hundred (100) gallons or less, and similar storage receptacles, shall be screened from view by fence or vegetation.

Section 4.13. Property Maintenance. The preservation of the present natural wooded and rustic character of the Subdivision shall be maintained by all Owners. All Owners shall mow lawn areas, and otherwise maintain their Lots as is necessary to preserve and maintain the beauty of Seven Glens. Whether this standard has been met will be determined by the ARC. No planting shall obstruct the view of vehicle drivers at or approaching any intersection within the Subdivision.

Section 4.14. Rental. Neither a Dwelling Unit, nor guest residence, shall be used exclusively for rental and, except in extraordinary circumstances, all Dwelling Units shall be occupied by the Owner for at least part of each year. All rentals of a Dwelling Unit or guest residence shall be for a term of no less than three months. Prior to the commencement of any rental, an Owner renting a Dwelling Unit or guest residence shall notify the Association in writing of the name of the tenant, the length of the lease, and the address and telephone number where the Owner may be reached by the Association. The Owner shall advise the tenant of the requirements of this Declaration and all rules of the Association, and the Owner shall be responsible for the tenant's compliance therewith.

Section 4.15. Speed Limit. There shall be at all times in force and effect a twenty (20) mile-per-hour speed limit upon the roads within the Subdivision for the safety and welfare of all residents therein.

Section 4.16. Hunting and Weapons. No hunting shall be allowed at any place within the Subdivision, nor shall any firearms be discharged within the Subdivision.

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ARTICLE V EASEMENTS

Section 5.1. Utility and Drainage Easements. Utility and drainage easements upon all Lots in the Subdivision are reserved for the installation, repair and maintenance of utilities and drainage facilities. Such easements shall be fifteen (15) feet in width from the center line of all platted roadway lines along all property lines of each Lot abutting a roadway, and seven and one half (7 1/2) feet in width along every other boundary line of each Lot, or as otherwise shown on the recorded plats of the Subdivision. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and other public conveniences, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements. The Association, Subdivider, and any utility company using the easements herein referred to shall not be liable for any damage by them or their assigns, agents, or employees or servants to shrubbery, trees, flowers or to the property of the Owners situated on the land covered by said easements. The Subdivider reserves the right to create and impose additional easements or rights of way over any Lot or Lots owned by it.

Section 5.2. Rights of Way. The Subdivider and the Association reserve a perpetual right-of-way for ingress, egress and utility purposes for use in this Subdivision and for future development within the Subdivision. The Subdivider and Association

also reserve the right to convey utility easements to the appropriate utility companies for the purpose of supplying the Owners with the necessary utilities.

Section 5.3. Access. Absolutely no access on or across any Lot of the Subdivision shall be permitted by any Owner to serve as access of any kind to property beyond the boundaries of the Subdivision. Only the Subdivider has the right to extend the limits of the Subdivision and provide the necessary private access roads to serve any areas extended.

Section 5.4. Entry Signs. Seven Glens entrance signs are located in a right-of-way on Lot 1 and inside the lot lines of Lots 1 and 13 and the Subdivider and Association reserve a right of way for the placement of such signs. Maintenance of such signs shall be the responsibility of the Association.

Section 5.5. Entry Fencing. Split-rail fencing located within property lines of Lots 1 and 13 is a permanent fixture and the Subdivider and Association reserve a right of way for the placement and maintenance of such split rail fence. Maintenance of such fence installed by the Subdivider shall be the responsibility of the Association.

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ARTICLE VI ENFORCEMENT

Section 6.1. General. Enforcement of this Agreement shall be by proceeding at law or in equity commenced by any Lot Owner or by the Association against any person or persons violating or attempting to violate any provision of the Agreement, either to restrain violation and/or to recover damages. With respect to any action to enforce the provisions of this Agreement or the articles of incorporation, Bylaws, or rules or regulations of the Association, including without limitation, any foreclosure, the reasonable attorney's fees incurred by the prevailing party shall be paid to such party by the other party. Delinquent Owners shall be liable for the costs of the Association, including reasonable attorney's fees, incurred in the collection of unpaid assessments. Upon a violation of this Agreement by a Lot Owner for nonpayment of any General Assessment or Special Assessment, the Association shall have the right to suspend the offending Lot Owner's voting rights in the Association and the use by such Owner, his/her agents, family, employees and invitees of any Common Property in the Subdivision for any period during which an Assessment against the Lot remains unpaid.

Section 6.2. Late Charges and Fees. Any Assessment not paid within thirty (30) days after the due date shall be subject to a late charge in the amount of \$20.00. Further, any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate permitted by law.

Section 6.3. Fees. Such service, collection, or administrative fees as may be adopted by the Board are hereby allowed pursuant to Section 47F-3-116 (a2) of the Act.

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ARTICLE VII TERM

These covenants are to run with the land and shall be binding upon all parties and all persons claiming under them until the 19th day of November, 2027 at which time said covenants shall be automatically extended for successive periods of ten (10) years unless amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes of the Association are allocated.

ARTICLE VIII OTHER PROVISIONS

Section 8.1. Severability. Invalidation of any of these covenants by judgment or court order in no way affects any of the other provisions which shall remain in full force in effect.

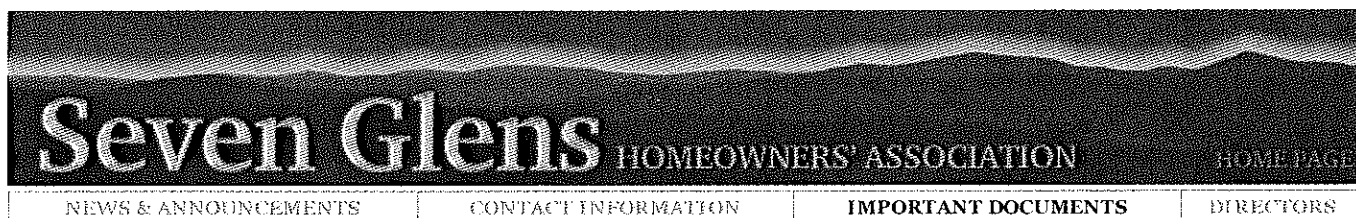
Section 8.2. Subdivider Rights. All authority of the Subdivider under this Agreement shall terminate upon the earlier of the sale of the last Lot in the Subdivision by the Subdivider, or the written voluntary termination of such authority by the Subdivider. The rights hereby reserved unto the Subdivider shall apply with equal force and effect to its successors and assigns, and the Subdivider may assign any of its rights in this agreement to any person, persons, firm or corporation.

Section 8.3. Prior Rights and Variances. Any violation of this Declaration which is a result of previous approvals granted by the Subdivider shall be deemed not to be a violation of this Agreement. Until the termination of the Subdivider's Authority, the ARC, and thereafter the Board of Directors, in its discretion may allow reasonable variances and adjustments of the restrictions of this Agreement in order to alleviate practical difficulties and hardship in their enforcement and operation, as well as, to make reasonable accommodation for reasonable inconsistencies resulting from the application of prior covenants, restrictions, or agreements superseded by this Agreement.

Section 8.4. Waiver. No provision contained in this Agreement or the Articles of Incorporation or Bylaws of the Association shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person or entity as to the same or similar future violations, no matter how often the failure to enforce is repeated.

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Seven Glens Homeowners' Association • P.O. Box 2840, Weaverville, NC 28787-2840
828-333-8444 • info@sevenglenshomeowners.org



AMENDED AND RESTATED

BYLAWS

OF

SEVEN GLENS
HOMEOWNERS
ASSOCIATION, INC

A NORTH CAROLINA
NONPROFIT CORPORATION

EFFECTIVE JULY 8, 2006

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WHEREAS, upon the affirmative vote of a greater than sixty-seven (67%) of the Members of the Association, the Members have determined to amend the Bylaws of the Association by deleting them in their entirety and in lieu thereof adopting these Bylaws as the sole Bylaws applicable to the Seven Glens Subdivision.

NOW THEREFORE, the Bylaws of the Association shall be as follows:

ARTICLE I

Identity

These are the Bylaws of the Seven Glens Homeowners Association, Inc., a North Carolina Nonprofit Corporation ("Association"). The Association was incorporated under the Nonprofit Corporation Act contained in Chapter 55A of the North Carolina General Statutes on April 20, 2000.

All terms defined in the Declaration of Protective Covenants, Restrictions and Reservations for Seven Glens Subdivision ("Restrictions") to which these Bylaws are attached shall have the same meaning herein and shall be used without further definition. The provisions of these Bylaws are applicable to the Lots, the residences located or to be located thereon, and to the occupancy and use thereof.

The principal office of the Association shall be located at such location within Madison County, North Carolina as may be designated by the Association's Board of Directors from time to time.

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ARTICLE II Qualifications and Responsibilities of Members

2.01 Members. Each Lot Owner shall be a Member ("Member") of the Association and shall remain a Member until he or she ceases to be a Lot Owner of Seven Glens Subdivision ("Subdivision"). When there is more than one Owner of a Lot, all such persons shall be Members of the Association.

2.02 Termination of Membership. Membership in the Association shall terminate automatically upon said Member being divested of all title to or fee ownership interest in all Lots owned by such Member within the Subdivision. Such termination of Membership in the Association shall be automatic upon presentation of reasonable evidence to the Board of Directors of the Association that such person no longer owns a Lot within the Subdivision.

2.03 Responsibilities of Members. (a) All Owners or any other person that occupies and/or uses the Subdivision or any part thereof in any manner are subject to the provisions of these Bylaws, the Restrictions and any rules and regulations adopted in furtherance hereof ("Rules and Regulations").

(b) The acquisition of a Lot and/or the rental or occupancy of any Lot or any part thereof shall constitute acceptance of these Bylaws, the Restrictions, the Rules and Regulations and all amendments thereto, and the agreement to comply therewith.

(c) Only Members of the Association shall have the right to vote. The right to vote shall be a responsibility of Membership in the Association. Also, it shall be the duty of each member to register with the Association. Such registration shall include information from the Member concerning the names of all Owners of the Lot, the address or Lot number of the Lot owned in the Subdivision, and the date of acquisition of an ownership interest in said Lot. Furthermore, it shall be the responsibility of the Member to notify the Association in the event of a sale, transfer, or other disposition of said Member's entire interest in any Lot within the Subdivision. The information to be provided by Members to the Association shall be filed with the Secretary of the Association.

2.04 Prohibition of Assignment. The interest of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as appurtenance to his or her Lot. The funds and assets of the Association shall belong solely to the Association, subject to the limitation that the same be expended, held or used for the benefit of the Membership and for the purposes authorized in these Bylaws, the Articles of Incorporation, Restrictions, and Rules and Regulations.

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ARTICLE III Member Meetings and Voting

3.01 Votes. Voting of Members shall be based on Sites of Ownership. Each Site of Ownership shall be entitled to one vote. (A Site of Ownership consists of a single Lot or multiple contiguous Lots owned by a person or entity or jointly owned by multiple persons; purchase of multiple noncontiguous lots constitutes multiple sites of ownership for purposes of voting and assessments.) Where a Site of Ownership is owned by more than one person or entity, the vote of said Site of Ownership shall be exercised by the person designated by all Owners of said Site of Ownership in writing to the Secretary of the Association, yielding one vote per Site of Ownership. A written designation of the person entitled to cast the vote for any Lot shall continue to be valid until revoked in writing by an Owner of said Lot. In the event that an Owner or Owners own or are purchasing more than one contiguous Lot, the Owners will have a single vote, again limiting voting power to one vote per Site of Ownership. In the event that the Owner(s) of multiple contiguous or noncontiguous Lots sells or otherwise transfers ownership of a lot, the vote for the sold or transferred lot and all duties and benefits of ownership of that lot shall be reassigned to its new Owner(s), creating an additional site of ownership if the lot previously was part of a site of ownership comprised of multiple contiguous lots; the previous Owner(s) retains voting rights and duties and benefits of ownership for all lots not sold or transferred.

3.02 Manner of Casting Votes. Votes on all questions and issues may be cast in person, by proxy, or mail ballot. Any action that may be taken at any meeting of Members may be taken without a meeting if voting is by mail ballot. Proxies must be in writing and filed with the Secretary of the Association before the appointed time of any meeting.

3.03 Required Votes. All questions and issues to be resolved by the Members shall be decided by a majority of the votes cast on the question, unless the provisions of applicable law, the Restrictions, or these Bylaws require a greater vote.

3.04 Quorum. A quorum shall consist of Members present, in person or by proxy, entitled to cast at least ten percent (10%) of the total votes in the Association. If a quorum is not present, the provisions of paragraph 47F-3-109 (c) of the North Carolina Planned Community Act shall govern. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members or votes to leave less than a quorum.

3.05 Place. Meetings of the Members of the Association shall be held at the principal office of the Association or such other suitable place within Madison or Buncombe County, North Carolina convenient to the Members as may be designated by the Board of Directors.

3.06 Annual Meeting. The annual Member meeting of the Association shall be held at such place, date, and time in July of each year as may be designated by the Board of Directors. The Members may also transact such other business of the Association as may properly come before them.

3.07 Special Meeting. The President shall call a special meeting of the Members on his or her own motion or if so directed by a resolution of the Board of Directors or if a petition is presented to the Board of Directors signed by Members entitled to cast not less than ten percent (10%) of the total votes of the Association. The notice of any special meeting of Members shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting of Members except as stated in the notice thereof.

3.08 Notices. The Secretary shall mail a notice of each annual meeting or special meeting stating the purpose thereof as well as the time and place where it is to be held to each Member at least ten (10) days but not more than sixty (60) days prior to such meeting. Notice shall be personally delivered or mailed, postage prepaid, to the Member's address within the Subdivision or at such address as a Member shall have specified to the Association in writing. A notice mailed shall be deemed delivered upon mailing.

3.09 Adjournment for Lack of a Quorum. If any meeting of Members does not have a quorum present at the commencement of the meeting, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

3.10 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll Call and Certify Proxies.
- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading and Approval of Minutes of Preceding Meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Unfinished Business.
- (g) New Business.
- (h) Adjournment.

3.11 Action by Members Without Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting if such action is authorized in writing setting forth the action taken and signed by all Members. The Membership list of the Association at the time of the last signature on any written action taken by consent of the Members shall be binding and conclusive evidence of the status of all persons as Members of the Association.

3.12 Procedure. Meetings of the Association need not be conducted in accordance with Robert's Rules of Order, except upon a majority vote of those members present at a meeting or the ruling of the Chairperson of the meeting.

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ARTICLE IV Board of Directors

4.01 Number and Qualifications of Directors.

(a) The affairs of the Association shall be governed by a Board of Directors ("Board") composed of five (5) persons. All members of the Board shall be Lot Owners.

(b) Director candidates may be nominated or otherwise put on a ballot for election in all of the following ways:

1. The affairs of the Association shall be governed by a Board of Directors ("Board") composed of five (5) persons. All members of the Board shall be Lot Owners.

2. Director candidates may be nominated or otherwise put on a ballot for election in all of the following ways:
3. By a Nominating Committee of five (5) Members appointed by the Board for a one year term, which Nominating Committee may nominate any number of candidates it determines to be qualified to serve the best interests of Seven Glens.
4. By a petition presented to the Board signed by Members entitled to cast not less than 10% of the total votes of the Association.
5. By a Member writing in the name of any Member not listed on the ballot for whom the voting member desires to vote.

(c) An Election Committee of three (3) Members shall be appointed annually by the Board to oversee the fairness of the vote counting procedure and such other matters as the President or Board may determine.

(d) The Board may make such other rules as it deems necessary or advisable to promote the administration of fair and orderly elections.

4.02 Term. The terms of the Directors shall be for two (2) years. A Director shall hold office until his or her successor has been duly elected and qualified. The Board of Directors shall be elected in a manner which results in staggered terms for the Board of Directors, with approximately one-half (1/2) of the Directors' terms expiring each year.

4.03 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of the then remaining Directors even though they may constitute less than a quorum. Each person so elected to fill a Director vacancy shall be a Director serving the unexpired term of his or her predecessor until a successor is duly elected and qualified.

4.04 Removal. At any regular or special meeting of the Members of the Association duly called, any one or more of the Directors previously elected by the Members may be removed, with or without cause, by a vote of Members representing twenty-five percent (25%) of the Sites of Ownership. A successor Director may be elected at the same meeting by a vote of Members representing twenty-five percent (25%) of the Sites of Ownership to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

4.05 Regular Meetings. Regular meetings of the Board of Directors may be held on such date, time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board shall be given to each Director, personally, or by mail, telephone, facsimile transmission, E-mail, or overnight delivery service, at least five (5) days prior to the date of such meeting, unless otherwise agreed.

4.06 Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association or on three (3) days notice to each director given personally or by mail, telephone, facsimile transmission, E-mail, or overnight delivery service, which shall state the date, time, place, and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of two or more Directors. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

4.07 Waiver of Notice. Before or at any meeting of the Board, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any such meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4.08 Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business. The acts of a majority of the Directors present at a meeting at which a quorum is present shall be acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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4.09 Powers and Duties. The Board of Directors shall have such powers and duties as are reasonably necessary and appropriate for administration of the affairs of the Association. The Board of Directors may do all such acts and things as are not prohibited by law or matters reserved by these Bylaws or the Restrictions to the Lot Owners or Members. Such powers and duties shall include, but are not limited to, the following:

- (a) To prepare and provide to Members of the Association annually, a report of the operations of the Association for the preceding fiscal year;
- (b) To adopt and amend budgets for the operating and capital needs of the Association;
- (c) To establish, collect and impose General and Special Assessments as provided in these Bylaws and the Restrictions;
- (d) To regulate the use of, and to maintain, repair, replace, modify and improve the Common Areas of the Association within the Subdivision;
- (e) To adopt and amend Rules and Regulations and to establish reasonable penalties for infraction thereof;

- (f) To enforce the provisions of the Protective Covenants Restrictions and Reservations, the Bylaws, and the Rules and Regulations of the Association by all legal means, including injunction and recovery of monetary penalties;
- (g) To hire and terminate managing agents and to delegate to such agents such powers and duties as the Board shall determine, except such as are specifically required by the Protective Covenants Restrictions and Reservations, the Bylaws, or policies of the Board, to be done or performed by the Board or the Members;
- (h) To hire and terminate agents and independent contractors;
- (i) To institute, defend, intervene, or settle any litigation or administrative proceedings in its own name on behalf of the Association;
- (j) To establish, dissolve, and liquidate, from time to time, reserve, operating, or other accounts by the Association for any purpose;
- (k) To borrow money for the maintenance, repair, replacement, modification or improvement of Common Areas and to pledge and pay Assessments, and any and all other revenue and income of the Association, for such purpose;
- (l) Grant leases, licenses, easements, and other rights of or relating to Common Areas or other property within the Subdivision owned by the Association;
- (m) To impose and collect reasonable charges, including reasonable costs and attorneys' fees, for the preparation and recordation of Amendments to the Restriction, Recordation of Variances, issuance of Certificates or notices of unpaid Assessments, and such other matters as may be necessary and appropriate to conduct its functions as described in the Bylaws and Restrictions;
- (n) To provide for indemnification of the Association's Officers and Directors and maintain Officers and Directors liability insurance;
- (o) To impose charges for the late payment of Assessments and to levy reasonable fines for violations of these Bylaws, the Restrictions, or the Rules and Regulations of the Association or Architectural Review Committee;
- (p) To suspend the voting rights and right of use of the Common Areas of the Subdivision by a Member during any period in which such Member shall be in default in the payment of any General or Special Assessment levied by the Association;
- (q) To procure, maintain, and pay premiums on, insurance policies and to equitably assess the Members for their pro-rata portion of such expense;
- (r) To exercise all other powers that may be exercised in North Carolina by legal entities of the same type as the Association; and
- (t) To exercise any other powers necessary and proper for the governance and operation of the Association.

4.10 Fidelity Bonds. The Board may require that all Directors, officers and employees of the Association handling or responsible for Association funds shall be covered by adequate fidelity bonds; provided, however, that this provision shall not require that the Treasurer be bonded if, under terms of any management agreement in effect from time to time, the person, firm or corporation serving as management agent is responsible for collecting and disbursing Assessments funds and is required to account to the Association for said funds at least annually. The premiums on necessary fidelity bonds shall be paid by the Association.

4.11 Compensation. No member of the Board shall receive any compensation for serving in said capacity, but shall be reimbursed for out-of-pocket expenses incurred on behalf of the Association which are approved by the Board of Directors and upon submission of proper receipts thereof.

4.12 Action Without Meeting. Any action that may be taken at a meeting of the Board of Directors may be taken without a meeting if such action is authorized in writing, setting forth the action taken, and signed by all Directors whether before or after such action has been taken.

4.13 Procedure. Meetings of the Board need not be conducted in accordance with Robert's Rules of Order, except upon a majority vote of those Directors present at the meeting or the ruling of the person presiding at the meeting.

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ARTICLE V Officers

5.01 Designation of Officers. The principal Officers of the Association shall be a President, Vice President, Secretary and a

Treasurer, all of whom shall be elected by the Board of Directors from members of the Board of Directors. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such Officers as in their judgment may be necessary from Members of the Association who may but are not required to be Directors.

5.02 Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the first regular meeting of the Board of Directors in each new fiscal year of the Association and shall hold office at pleasure of the Board.

5.03 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, an Officer may be removed, with or without cause, and his or her successor elected at any regular meeting of the Board or any special meeting of the Board of Directors called for such purpose.

5.04 President. The President shall be Chief Executive Officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of President of an association, including but not limited to the powers to appoint committees from among Members from time to time as he or she may in their discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5.05 Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor Vice President is able to act, the Board of Directors shall appoint some other members of the Board of Directors to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him or her by the Board.

5.06 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of Secretary.

5.07 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, shall be responsible for the deposit of all monies and other valuable effects in the name of, and to the credit of the Association, in such depositories as may from time to time be designated by the Board of Directors; provided, however, that the Treasurer shall not be responsible for such of the foregoing matters as have been delegated to any management agent pursuant to the provisions of Article IV of these Bylaws.

5.08 Compensation. No Officer shall receive any compensation for serving in said capacity, but shall be reimbursed for out-of-pocket expenses incurred on behalf of the Association, which are approved by the Board of Directors and upon submission of proper receipts thereof.

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ARTICLE VI Fiscal Management of the Association

6.01 Fiscal Management and Budget. The Board shall use the following guidelines in the fiscal management of the Association which shall be subject to the requirements and limitations set forth in the Restrictions:

(a) Receipts and disbursements of the Association shall be credited and charged to accounts under the following classification as shall be appropriate:

(1) Current maintenance, utilities (including lighting, if any, of Subdivision signs) and administrative expenses, including a reasonable allowance for current contingencies and working funds other than expenditures chargeable to reserves, and amounts necessary to make up any deficits in Common Expenses for any prior year. Any balance in this fund at the end of each year shall be applied to reduce the Assessments for Common Expenses for the succeeding year or shall be transferred to the reserve fund or general operating reserve hereinafter provided for, as determined by the Board of Directors.

(2) A reserve fund for the purpose of performing periodic maintenance, replacement and repair of the Subdivision signs and Common Areas and performing major items of maintenance, effecting replacements or additions to the same, and for such other purposes as may from time to time appear to be necessary or appropriate.

(3) Insurance policies obtained and maintained pursuant to these Bylaws.

(b) The Board shall adopt a budget for each fiscal year that shall include the estimated funds required to provide and maintain funds for the foregoing accounts. Said budget shall be based upon the costs set forth in any management agreement in effect pursuant to the provisions of Article IV to the extent that said agreement is applicable to the accounts established above. If no such agreement is in effect and to the extent the management agreement does not provide for costs of the Association, the budget shall be determined by the Board of Directors.

(c) Copies of the budget shall be transmitted to each Member on or before July 1 of the fiscal year for which the budget is made. If the budget is amended subsequently, a copy of the amended budget shall be furnished to each member.

6.02 Annual General Assessment. An annual General Assessment against the Lots in order to meet the budget requirements shall be made for the fiscal year annually on or before June 1 of the year for which the annual General Assessment is made. The Annual General Assessment payable shall not be less than \$150.00 per Site of Ownership per annum. Notice of the annual General Assessment shall be given to all Members on or before July 1 of the year to which the annual General Assessment applies. The annual General Assessment shall be due and payable in full on July 1 of each year or as otherwise determined by the Association's Board of Directors on receipt of the notice. In event the Assessment proves to be sufficient or insufficient, the budget and annual General Assessments may be amended at any time during the year by the Board.

If a Member is in violation of the Restrictions, including but not limited to a default in the payment of an annual General Assessment or part thereof, the Association may accelerate the remaining installments (if any) of the current year's Assessments due from such Member upon notice to such Member, and the then unpaid balance of the current year's Assessment shall come due upon the date stated in the notice, but not less than ten (10) days after the forwarding of the notice to the Member

6.03 Special Assessments. Assessments for general expenses of the Association applicable to all Sites of Ownership within the Subdivision, including capital expenditures that are not included in the budget shall be made only after notice of the need for such is given to the Members. After such notice, and upon the approval by the Board of Directors and a vote of Members representing twenty five-percent (25%) of the sites of Ownership, the additional expense shall become a Special Assessment, and shall be due at such time as the Board shall establish.

6.04 Default and Collection. All unpaid Assessments not paid within thirty (30) days after the due date shall be subject to a late charge of \$20.00. Further, any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate permitted by law. In addition, delinquent Owners shall be liable for the costs to the Association, including reasonable attorneys' fees incurred in the collection of such unpaid Assessments. Unpaid Assessments may be collected by the Association pursuant to the provisions hereof and the Restrictions. If any Owner(s) shall fail to pay dues or assessments after thirty (30) days' written notice of such delinquency given by the corporation to such Owner(s), the amount of the dues or assessment shall become a lien on such member's Lot or Lots in the subdivision in favor of the Corporation, and the Corporation shall have the right to record a notice of claim of lien, and proceed thereon in accordance with the provisions of the law, applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any manner permitted by law. In any foreclosure or sale, the Owner(s) shall be required to pay the costs and expenses of such proceedings and reasonable attorney's fees.

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ARTICLE VII

Elective and Fiscal Year

The fiscal year of the corporation for financial, accounting, and Assessment purposes and the elective year for Officers, Directors, and other appointed representatives of the Association shall be the fiscal year commencing July 1 and ending June 30.

ARTICLE VIII

Liability of Officers and Directors of Association

The officers and members of the Board of Directors of the Association, designated or elected as provided in these Bylaws, shall not be liable to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Members shall indemnify and hold harmless each of the Officers and members of the Board of Directors against all contractual liability to others arising out of contracts made by the Officers and/or Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or clearly contrary to the provisions of the Restrictions or Bylaws. It is intended that the Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Subdivision or Association in such capacity.

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ARTICLE IX

Corporate Seal

The Corporation shall adopt a corporate seal, which shall remain in the custody of the Secretary of the Association and shall be by him or her affixed to all certificates of such membership of the Association and to all instruments in writing requiring the corporate seal for complete execution. An impression thereof is affixed to these Bylaws.

ARTICLE X

Amendment

These Bylaws may be amended only by the affirmative vote of Members representing at least sixty-seven percent (67%) of the Sites of Ownership. No amendment hereof shall occur without notice of the proposed amendment being given to Members.

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