

BY-LAWS  
OF  
FEATHERSTONE  
PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I - Name

The name of this non-profit corporation shall be FEATHERSTONE PROPERTY OWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association."

ARTICLE II - Offices

Section 1. Principal Office: The principal office of the Association shall be located at such place as the Board of Directors may from time to time establish.

Section 2. Registered Office: The registered office of the Association, which is by law required to be within the State of North Carolina, shall be located at 43 West Main Street, Franklin, North Carolina, 28734, or at such other place within the State of North Carolina as may, from time to time, be fixed and determined by the Board of Directors.

Section 3. Other Offices: The Board may have other offices at such places as the Board of Directors may designate or as the affairs of the Association may require from time to time.

ARTICLE III - Purposes

The purposes for which the Association is organized are:

A. To promote and enhance the proprietary, civic, social, and recreational interests of the property owners within Featherstone, a Subdivision, as shown on the plats thereof recorded in the Macon County Public Registry (the "Subdivision"); the property owners in other areas in which property owners are required to be members of the Association; and any other property owners who

for any reason become members of the Association;

To acquire by gift, purchase, or otherwise, and to hold in the Association's name, real and personal property;

To construct, maintain, replace, repair, or otherwise deal with improvements of every kind whatsoever upon its lands or for which it has responsibility;

To provide road, electrical power service, water system, sewerage system, security, and other improvements and/or maintenance services for the Subdivision and other areas with respect to which it has responsibility;

To exercise all powers granted by law to non-profit corporations and to do all lawful things and acts for the benefit of its members and the promotion of their interests as property owners;

And to levy assessments, fees, dues, fines and charges and to borrow money for the accomplishment of the foregoing purposes.

B. To comply with and compel compliance with the Declaration of Restrictive Covenants, Easements and Conditions for Featherstone, a Subdivision and other restrictive covenants and conditions affecting lands requiring membership in the Association by affected landowners, and assigning to the Association rights as against said landowners and/or responsibilities for the enforcement of provisions of such restrictive covenants and conditions.

The foregoing clauses shall be construed as both objectives and powers; provided, nothing herein shall be deemed to require the Association to pursue or exercise any or all of such obligations and powers unless the Association shall affirmatively undertake same. The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as conferred by the laws of the State of North

Carolina, now or hereafter in effect.

Notwithstanding anything herein to the contrary, the Association shall exercise only such powers as are in furtherance of the exempt purpose of organizations set forth in Section 501 (c) (7) of the Internal Revenue Code and its regulations as the same now exists, or as it may hereafter be amended from time to time.

#### ARTICLE IV - Limitations

The Association shall have no power to declare dividends, and no part of its net earnings shall inure to the benefit of any member or director of the Association or to any other private individual. The Association shall have no power or authority to engage in activities which consist of carrying on propaganda or otherwise attempting to influence legislation or to participate in or intervene in any political campaign on behalf of any candidate for public office.

#### ARTICLE V - Membership

Section 1. Composition: Every person, firm, corporation, trust, or other legal or commercial entity, or combination thereof:

A) who or which is the owner of a lot, whether or not located within the boundaries of the lands shown on the plats of Featherstone, a Subdivision recorded in the Macon County Public Registry, which is subject to the legal requirement of membership in the Association; or

B) who or which by virtue of an interest in real property is legally or contractually required to be a member of the Association

must and shall automatically be a member of the Association.

"Owner" as used in this Article V, Section 1, and elsewhere in these By-Laws shall mean:

A. Any person, firm, corporation, trust, other legal or commercial entity, or combination thereof, who or which holds fee simple title to any lot with respect to which membership in the

Association is required; and

B. Any person, firm, corporation, trust, other legal or commercial entity, or combination thereof, who or which has contracted to purchase fee simple title to any such lot pursuant to a written agreement, and which written agreement entitles such person, firm, corporation, trust, legal entity, or combination thereof, to the exclusive right to possess and control such lot, in which case the record fee simple owner of such lot shall for the purposes of these By-Laws cease to be the "owner" of such lot for so long as said agreement is legally effective.

The owner or owners of each such lot within the Subdivision shall designate a "voting member" which respect to each such lot, in the manner and for the purposes set forth hereinbelow. Such voting member must be a natural person who is an owner, or who is an officer, director, trustee or otherwise a principal in an owner, of the lot.

"Lot" as used herein refers to each lot or other tract or parcel of land or interest in real property within Featherstone, a Subdivision as shown on the plats thereof recorded in the Macon County Public Registry, or which is or becomes subject to the requirement of membership in the Association. "Lot" as used herein includes each portion of each tract shown on the recorded plats which has been subdivided into distinct parcels of land, which distinct parcels are owned by different owners.

Section 2. Transferability, etc.: Upon the transfer of title of any lot, the new lot owner must and automatically shall be a member of the Association, and shall be deemed to be an Owner as defined hereinabove. At such time as any lot owner ceases to be such, the membership in the Association of such owner shall immediately and automatically transfer to the successor(s) in title to such member, and a transfer in ownership of a lot with respect to which membership in the

Association is required shall also transfer the membership in the Association appurtenant to such ownership.

No member may resign from or otherwise avoid membership in the Association unless all ownership interest of that member (except as beneficiary of a mortgage or deed of trust) in such tract is terminated.

Section 3. Indicia of Membership: The Association shall issue no stock certificates, or other indicia of membership, an ownership interest in a lot with respect to which membership in the Association is required being sufficient for that purpose.

#### ARTICLE VI - Duties and Responsibilities of Association

Section 1. Duty of Formation of the Association: The Association has been formed and organized to be, and is and shall be the property owners' association for Featherstone, a Subdivision as shown on the plats thereof recorded in the Macon County Public Registry, and for such other parcels of real property and the owners thereof with respect to which membership in the Association is or becomes an appurtenance or a requirement.

Section 2. Duty to Maintain and to Collect Assessments: It shall be the duty of the Association to provide and pay for the repair, maintenance and upkeep of the subdivision roads of Featherstone, a Subdivision as shown on the recorded plats thereof, and the roads leading to the Featherstone, a Subdivision. It shall further be the duty of the Association to provide and pay for the repair, maintenance and upkeep of any sewerage systems, water systems, utility systems, security facilities, recreational facilities, and other common areas, facilities and amenities, the responsibility for which may be assumed by the Association. It shall further be the duty and responsibility of the Association to establish and collect assessments for the purpose of the repair, maintenance, upkeep

and improvement of the subdivision roads and easements of Featherstone , a Subdivision from the owners of lots within Featherstone, a Subdivision and from others who use or have the right to use said roads and easements. It shall further be the duty and responsibility of the Association to collect assessments for the repair, maintenance and upkeep of any sewerage systems, water systems, utility systems, security facilities, recreational facilities, and other common areas, facilities and amenities, the responsibility for which may be assumed by the Association.

Section 3. Improvements to Roads, Easements, and Other Common Facilities: The Association shall have the right and duty to provide for the improvement of the roads and easements within Featherstone, a Subdivision. The Association shall further have the right to provide for the improvement of any sewerage systems, water systems, utility systems, security facilities, recreational facilities, and other common areas, facilities and amenities, the responsibility for which the Association assumes. The Association shall have the express right to pave the roads within the Subdivision. The Association shall have the duty to maintain any real property conveyed to it as a common area.

Section 4. Limitation of Services: The Association may, to the extent possible, limit its provision of services and use of the roads and other facilities and amenities provided by it to those members of the Association who are current in payment of assessments.

Section 5. Compliance with Restrictive Covenants: The Association shall have the responsibility to comply in all manner with the provisions of the Declaration of Restrictive Covenants, Easements and Conditions for Featherstone, a Subdivision, and to compel compliance therewith by the owners and occupants of all lots and other interests in real estate subject thereto; to comply with the provisions of other restrictive covenants and conditions which require, with

respect to the lands subject thereto, membership in the Association; and to compel compliance by the owners of lots and other interests in real estate subject thereto with the provisions of such other restrictive covenants and conditions which require membership in the Association. Provided, the Association's said duty to compel compliance with the provisions of said restrictive covenants and conditions shall not be deemed in any way to limit the ability otherwise held by any other person or entity to compel compliance with such provisions.

Section 6. Conveyances to Association. The Association may in its discretion accept all deeds, conveyances and assignments of property, rights and responsibilities in connection therewith, made or tendered to it by any person or entity, and shall accept all such conveyances made to it by William L. Vernon and Cheryl J. Vernon.

Section 7. Non-exclusive. The preceding enumeration of duties and responsibilities of the Association is not intended to be exclusive and is not intended to limit in any way the actions, duties or obligations undertaken by the Association or required of the Association.

## ARTICLE VII - Assessments, Fees, Dues, Fines,

### Charges and Finances

Section 1. Duty to pay Assessments: It shall be the responsibility of each lot and each lot owner to pay assessments to the Association. The assessments shall be payable on a calendar year basis or more frequently, and may be regular or special assessments, and shall be payable at such times during the calendar year and in such amounts as the Board of Directors may from time to time establish, and shall be delinquent if not paid in full by the times established by the Board of Directors. For each assessment period, the Association shall cause to be given to one or more owners of each tract notice of the amount of the assessments to be due on the tract for the period. The notice must

be given at least 30 prior to the due date of the assessments. The notice shall be deemed to have been given to each owner of a particular tract if given to one of the owners of the tract. Such notice shall be deemed properly given if hand delivered or if deposited post-paid in a post office or official depository under the exclusive care and custody of the U.S. Postal Service addressed to such owner at the latest address shown on the records of the Association, or if none be shown to the address shown on such owner's deed or in the records of the Macon County Tax Collector's office. It shall be the responsibility of each owner to keep the Association furnished with his current address.

Section 2. Categories of Assessments and Amount of Assessments: The assessments against the tracts shall be separated into categories and the notice of assessments shall reflect the amount due for each category. No lot owner shall be assessed in the category for a service or a benefit unless such service or benefit is either used upon or available to the lot. The assessment categories shall include a road maintenance fee, and may include other categories such as fees for the construction, maintenance or improvement of other systems, facilities and amenities used upon or available to lots, Association dues, and a one-time construction fee. All lots shall be assessed the same amount per category of assessment; provided, William L. Vernon and Cheryl J. Vernon. shall not be assessed for more than ~~five~~ lots. The Association shall have no power to amend these By-Laws to change the provisions of the preceding sentence. The amount of the assessments established from time to time by the Board of Directors in each category shall be such as is sufficient in the aggregate for the Association to discharge its construction and maintenance obligations and other obligations pursuant to these By-Laws and the duly adopted resolutions, rules and regulations of the Association. In the event any lot owner, his family members, guests, employees, or contractors should damage any road or other facility or amenity during construction or otherwise, such tract shall be assessed an

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additional maintenance fee in the applicable category in an amount sufficient to correct the damage. The amount of the assessment for the Association dues shall be sufficient for the efficient operation of the Association, including its obligation to enforce the provisions hereof and of the restrictive covenants and conditions.

Section 3. Effect of Non-Payment of Assessments; the Personal Obligation of the Owner; Lien; Remedies of the Association: If any assessment is not paid by the due date, such assessment shall be delinquent and shall bear interest from the due date at the rate of eighteen (18%) percent per annum or the maximum interest rate allowed by law, whichever is less. The assessment levied against a lot remaining unpaid after the due date shall constitute a lien on that lot when filed of record in the Office of the Clerk of Superior Court for Macon County, in the manner provided therefor by Article 8 of Chapter 44 of the General Statutes or its successor statutes. No statute of limitations on the time for filing the lien shall apply. The Association's lien may be foreclosed in like manner as a mortgage on real estate under Power of Sale under Article 2A of Chapter 45 of the General Statutes or its successor statutes. Provided, such liens shall be subordinate to the lien of any institutional lender which lends money used for the purpose of the purchase or improvement of any lot. If the delinquent assessment is placed in the hands of any attorney for collection, there shall be added to the amount due all costs of collection including all reasonable attorney's fees. The lien shall include the amount of all interest which accrues and continues to accrue on the assessment, and shall include the aforementioned costs of collection and attorney's fees. All assessments, interest, costs, and attorney's fees shall be and constitute the personal joint and several obligation of each lot owner. The Association may, in addition or in the alternative to enforcing its lien, bring an action against the lot owners to seek a money judgment for the amount of the assessments, interest, costs

or collection, and attorney's fees. The Association may purchase the lot at any sale ordered pursuant to an action to foreclose the lien.

Section 4. Expenditures: The Board of Directors shall have control of the budget of the Association and it shall administer the finances and expenditures of the Association.

#### ARTICLE VIII - Meetings of Members

Section 1. Voting Rights: Subject to the provisions of Article VIII, Section 8 hereinbelow, at each meeting of members of the Association, one (1) vote may be cast per lot; provided, in voting for Directors, each lot shall vote for the number of Directors to be elected. There shall be no cumulative voting. Any provision to the contrary notwithstanding, until William L. Vernon and Cheryl J. Vernon have conveyed fifteen lots, they shall have one more vote at each meeting of the members than the votes of the other members combined.

The natural person(s) and/or legal entities who or which comprise the legal ownership of each lot shall designate one (1) natural person as the "voting member" for that lot, and the natural person so designated shall be known as the "voting member" for that lot. It shall be the responsibility of each member to keep the Secretary apprised of the identity of the voting member with respect to his or its lots.

At any election, the designation of the voting member for any lot appearing on the Secretary's list mentioned hereinbelow shall be presumed correct. In the event of a dispute over the identity of the voting member for any lot, the final authority for determining the identity of the rightful voting member shall be with the Board of Directors. If the owner or owners of any lot fail to designate in writing to the Secretary a voting member, then the Secretary shall be entitled to designate as voting member for such lot any person otherwise qualified as provided in these By-Laws and/or any Declaration encumbering such lot.

Section 2. Annual Meeting: An annual meeting of the members shall be held at such place, day and hour as the Board of Directors may designate, beginning with 2004. The purpose of such meeting shall be the election of Directors for the succeeding year and for the transaction of such other business as may come before the meeting. If the election of Directors is not held on the day so designated for the annual meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient.

Section 3. Special Meetings: Special meetings of the members may be called by the President, the Board of Directors, or not less than twenty five (25%) percent of the voting members if they sign a petition to that effect, at such place as the Secretary may designate. If no designation is made, the place of meeting shall be the principal office of the Association in the State of North Carolina; but if all of the voting members shall meet at any time and place, within or without the State of North Carolina, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any Association action may be taken.

Section 4. Notice of Meeting: Written notice stating the place, day, and hour of any meeting of the members shall be delivered to each voting member not less than ten (10) nor more than forty five (45) days before the date of such meeting by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In the case of a special meeting or when required by statute or these By-Laws, the purposes for which the meeting is called shall be stated in the notice. Delivery of such notice shall be complete if the Secretary either: (a) hand delivers it, or (b) deposits it in a post-paid wrapper in a post office of official depository under the exclusive care of the U.S. Postal Service bearing such address of the member to whom delivery is being made as is on file with the Secretary or if none be shown to the address shown on such owner's deed or in the records of the Macon County Tax Collector's office.

Section 5. Informal Action by Members: Any action required by law to be taken at a meeting of the members, or any action that 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 or referring to documents containing a description of the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof.

Section 6. Quorum: Members holding fifty (50%) percent of the votes that may be cast at any meeting of members shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the members, a majority of the voting members present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting: Whenever the Association requires a decision of its members upon any matter, such decision shall be expressed on behalf of the membership by the voting members of the Association. Except as otherwise expressly provided in these By-Laws or by law, the majority of the votes entitled to be cast at a meeting of members at which a quorum is present shall be the act of the membership.

Section 8. Proxies: At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after one (1) year from the day of its execution, unless otherwise provided in the proxy.

Section 9. Voting by Mail: Where Directors are to be elected by members, such election may, at the discretion of the Board of Directors, be conducted by mail in such manner as the Board of Directors may determine.

Section 10. Voting by Telephone: Where Directors are to be elected by members, such election may, at the discretion of the Board of Directors, be conducted by telephone in such manner as the Board of Directors may determine. When Directors are elected by mail or telephone, all

voting members shall be given a reasonable opportunity to vote.

#### ARTICLE IX - Board of Directors

Section 1. Management: The affairs of the Association shall be managed by its Board of Directors, all of whom shall be natural persons. Directors need not be residents of the State of North Carolina, but each Director shall be vested with a possessory interest in real property on account of which the owner thereof is a member of the Association.

Section 2. Number, Tenure and Qualifications: The number of Directors shall be three (3) and directors shall serve terms of one (1) year or until a successor shall be elected and shall qualify. There shall be no limit on the number of consecutive terms Directors may serve. The number of directors may from time to time be changed by resolution of the Board of Directors, with the change to become effective the next succeeding annual meeting of the members.

Section 3. Organizational Meeting of Incorporator and Board of Directors: An organizational meeting shall be held by the Incorporator and the initial Board of Directors named in the Articles of Incorporation, and the actions required to organize the Association may be taken without a meeting if a consent in writing is signed by the Incorporator and by all of the initial Directors as named in the Articles of Incorporation, setting forth the actions so taken or referring to documents containing a description of the actions so taken.

Section 4. Regular Meetings: A regular meeting of the Board of Directors shall be held without any other notice than this By-Law immediately after and at the same place as each annual meeting of members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings without notice other than such resolution. Additional regular meetings shall be held at the principal office of the Association in the absence of any designation in the resolution.

Section 5. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any three Directors, and shall be held at the principal office of the Association or at such other place as the Directors may designate.

Section 6. Notice: Notice of any special meeting of the Board of Directors shall be given at least ten (10) days in advance thereof by the Secretary. Delivery of such notice shall be complete if the Secretary either: (a) hand delivers it, or (b) deposits it in a post-paid wrapper in a post office or official depository under the exclusive care of the U.S. Postal Service bearing such address of the Director to whom delivery is being made as is on file with the Secretary, or if none be shown to the address shown on such Director's deed or in the records of the Macon County Tax Collector's office, or (c) faxes it to the Director's fax number as is on file with the Secretary, with the transmittal sheet showing receipt by the Director's fax machine. Any Director may waive notice of any meeting. The business to be transacted at a meeting of the Board of Directors need not be specified in the notice or waiver of notice of such a meeting, unless specifically required by law or by these By-Laws.

Section 7. Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 8. Board Decisions: The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these By-Laws.

Section 9. Committees:

A. Committees of Directors: The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in such resolution, shall have and

exercise the authority of the Board of Directors in the management of the Association; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on him by law.

B. Other Committees: Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the Association, and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

Section 10. Vacancies: Any vacancy occurring on the Board of Directors shall be filled by the Board of Directors. A Director appointed to fill a vacancy shall serve for the unexpired term of his predecessor in office.

Section 11. Compensation: Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors expenses of attendance, if any, may be allowed for attendance at any regular or special meeting of the Board. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

#### ARTICLE X - Officers

Section 1. Officers: The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected annually from among the Board of Directors. The Board of Directors may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to

have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. Officers may succeed themselves any number of times.

Section 2. Election and Term of Office: The officers of the Association shall be elected by the Board of Directors at the organizational meeting and each regular meeting of the Board of Directors. If an election of officers is not held at each such meeting, such election shall be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor has been duly elected and qualifies.

Section 3. Removal: Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby.

Section 4. Vacancies: A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Powers and Duties: The several officers shall have such powers and shall perform such duties as may from time to time be specified in resolutions or other directives of the Board of Directors. In the absence of such specification, each officer shall have the powers and authority and shall perform and discharge the duties of officers of the same title serving in non-profit corporations having the same or similar general purpose and objectives as this Association. The Secretary shall have the specific duty of at all times maintaining a list showing thereon with respect to each tract the owners thereof, the voting member with reference thereto, and the addresses of such owners and voting members. It shall be the responsibility of such owners and members to keep the Secretary



furnished with current addresses, and it shall not be the responsibility of the Secretary to inquire into the same. It shall be the responsibility of the Secretary to send, serve, and deliver all notices, statements, and similar information as required by law or by these By-Laws, and to do so in the time or times prescribed by law or these By-Laws.

#### ARTICLE XI - Contracts, Checks, Deposits, and Funds

Section 1. Contracts: The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the Officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or may be confined to specific instances.

Section 2. Checks, Drafts, or Orders: All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Secretary or an assistant treasurer and countersigned by the President or a Vice-President of the Association.

Section 3. Deposits: All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4. Gifts: The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for any purpose of the Association.

#### ARTICLE XII - Books and Records

The Association shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board of Directors, committees having and

exercising any of the authority of the Board of Directors, and it shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member, or his or its agent or attorney for any proper purpose at any reasonable time. In the absence of any resolution by the Board of Directors to the contrary, the Secretary shall have the responsibility of keeping the minutes of all meetings of the members and Board of Directors, and keeping the books, records, and accounts of the Association.

#### ARTICLE XIII - Fiscal Year

The fiscal year of the Association shall begin on the first day of January in each year and end at midnight on the thirty-first day of December of each year.

#### ARTICLE XIV - Seal

The Association's seal shall be two concentric circles bearing the name of the Association and the words "Corporate Seal" and "North Carolina" or "NC."

#### ARTICLE XV - Indemnification

Section 1. Right to Indemnification. To the fullest extent and upon the terms and conditions from time to time provided by law, the Association shall indemnify any and all of its Directors and officers, or any person who has served or is serving in such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise, against liability and reasonable litigation expenses, including attorney's fees incurred by him or her in connection with any action, suit or proceeding in which he or she is made or threatened to be made a party by reason of being or having been such Director or officer (excluding, however, liability or litigation expense which any of the foregoing may incur in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty). Such Directors and officers

shall be entitled to recover from the Association, and the Association shall pay, all reasonable costs, expenses and attorney's fees in connection with the enforcement of rights of indemnification granted herein. Expenses incurred by a Director or officer in defending a civil or criminal action, suit or proceeding as described above shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount unless it shall be ultimately determined that he or she is entitled to be indemnified by the Association against such expenses. Any person who at any time serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon and as consideration for the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other right to which such person may be entitled apart from the provisions hereof.

Section 2. Board Action to Comply: The Board of Directors shall take all such action as may be necessary and appropriate to authorize the Association to make any payments required by this Article XV to the extent needed, making a good faith evaluation of the manner and reasonableness in which the claimant for the indemnity acted on behalf of the members of the Association.

#### ARTICLE XVI - Waiver of Notice

Whenever any notice is required to be given under the provisions of Chapter 55A of the General Statutes of North Carolina, or under the provisions of the Articles of Incorporation or the By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

ARTICLE XVII - Amendment of By-Laws

These By-Laws may be altered, amended, or repealed, and new By-Laws may be adopted by fifty (50%) percent of the votes present at any annual or special meeting of the members, at which a quorum is present. The notice of any meeting of the members at which the By-Laws or the Declaration of Restrictive Covenants, Easements and Conditions for Featherstone, a Subdivision are to be altered, amended, repealed or replaced, must state such intention.

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