

ARTICLES OF INCORPORATION  
OF  
FIDELITY COURT UNIT OWNERSHIP ASSOCIATION

The undersigned, being of the age of eighteen (18) years or more does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of the law of the State of North Carolina.

1. The name of the corporation is Fidelity Court Unit Ownership Association.
2. The period of duration of the corporation shall be perpetual.
3. The purpose or purposes for which the corporation is organized are:
  - a. To provide for maintenance, preservation and architectural control of the condominium units and common area within that certain tract of property described in EXHIBIT A, which is attached hereto and incorporated by reference as if fully set out herein.
  - b. To promote the health, safety and welfare of the condominium units within the property described in EXHIBIT A attached hereto and made a part hereof and any additions thereto as may hereafter be brought within the jurisdiction of this association.
  - c. To exercise all the powers and privileges and to perform all the duties and obligations of the association as set forth in that certain declaration of unit ownership and of covenants, conditions and restrictions, hereinafter called "Declaration", application to the property and recorded in the office of the Register of Deeds of Orange County in Book 372, at Page 28-43 and as set forth in those certain by-laws of Fidelity Court Unit Ownership Association, hereinafter called "By-Laws" and recorded in the Office of the Register of Deeds of Orange County in Book 372, at Pages 44-62, and as the same may be amended and by-laws being incorporated by reference as if fully set forth herein.
  - d. To fix, levy, collect and enforce payment by lawful means all charges or assessments pursuant to the terms of the "Declaration" and "By-Laws", to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the association including all licenses, taxes, or governmental charges levied or imposed against the property of the association.
  - e. To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property owned by the association in connection with the affairs of the association.
  - f. (FIRST LINE MISSING) borrow money and with the assent of two-thirds (2/3) of the members, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.
  - g. To participate in mergers and consolidations with other non profit corporations organized for the same purpose or to annex additional residential property and common area, provided that such merger, consolidation or annexation shall

comply with the terms of the "Declaration" and the "By-Laws".

h. To have and to exercise any and all powers, rights and privileges which a corporation organized under the non-profit corporation laws of the State of North Carolina by law may now have or hereafter acquire or exercise.

4. The corporation shall have members and every owner of a unit which is subject to the "Declaration" and "By-Laws" shall be a member of the association. Membership shall be appurtenant to and may not be separated from ownership of any unit which is subject to the "Declaration" and "By-Laws". Members shall be entitled to one vote for each unit owned.

5. The directors of the corporation shall be elected or appointed in the manner and for the terms provided in the "By-Laws". 6. No part of the net earnings of the corporation shall inure to the benefit of any officer, director or member of the corporation; and upon dissolution of the corporation the assets thereof shall, after all its liabilities and obligations have been discharge or adequate provision made therefore, be distributed to any association or associations organized for the purposes similar to those set forth in Article 3 above and as more particularly provided in the "By-Laws" of the corporation. 7. The address of the initial registered office of the corporation in the State of North Carolina is 910 Airport Road, Chapel Hill, Orange County, North Carolina, and the name of its

Initial registered agent at such address is Wm. Griffin Graves, III.

8. The number of directors constituting the initial board of directors shall be three and the names and address of the persons who are to serve as the initial directors are as follows:

Robert H. Oakes, Sr. 112 Fidelity Street  
Carrboro, North Carolina 27510

Claude L. Whitfield 200 Walnut Creek Drive  
Goldsboro, North Carolina 27530

Wm. Griffin Graves, III 910 Airport Road  
Chapel Hill, North Carolina 27514

9. The name and address of the incorporator is Wm. Griffin Graves, III, 910 Airport Road, Chapel Hill, North Carolina 27514.

IN WITNESS WHEREOF, I have hereunto set my hand, this the 1<sup>st</sup> day of November 1982.

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NORTH CAROLINA  
Orange COUNTY

I, Susan S. Patton, a Notary Public, hereby certify that WM. GRIFFIN GRAVES, III personally appeared before me this day and acknowledged the due execution of the foregoing Articles of Incorporation for the purposes therein expressed.

Witness my hand and notarial seal, this the 1<sup>st</sup> day of November,  
1982.

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Notary Public

My commission expires:

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EXHIBIT A

BEGINNING at an iron stake in the Northwestern intersectional corner of Davie Road and Colson Street, and running thence along the Northern edge of Colson Street South 87° 12' 10" West 474.10 feet to an iron stake in the Eastern boundary of Windwood Subdivision, thence with the Eastern boundary of Windwood Subdivision, North 3° 50' 20" West 459.76 feet to an iron stake, the Northeastern corner of Lot No. 56 of said Windwood subdivision, thence, a new line, South 84° 09' 0" East 484.90 feet to an iron stake in the Western line of Davie Road, said stake being 30 feet from the center of said Davie Road, thence, with the Western right of way line of said Davie Road, South 3° 15' 05" East 386.79 feet to the point of beginning, containing 4.627 acres, more or less.

FIDELITY COURT DECLARATION OF UNIT OWNERSHIP UNDER THE PROVISIONS  
OF CHAPTER 47A OF THE GENERAL STATUTES OF NORTH CAROLINA, AND OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made on the date hereinafter set forth by FIDELITY APARTMENTS, INC., a North Carolina corporation, 112 Fidelity Street, Carrboro, North Carolina, 27510, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Chapel Hill Township, County of Orange, State of North Carolina, which is more particularly described as follows:

Beginning at an iron stake in the Northwestern intersectional corner of Davie Road and Colson Street, and runs thence along the Northern edge of Colson Street South 87° 12' 10" West 474.10 feet to an iron stake in the Eastern boundary of Windwood Subdivision; thence with the Eastern boundary of Windwood Subdivision, North 3°50' 20" West 459.76 feet to an iron stake, the Northeastern corner of Lot No. 56 of said Windwood Subdivision; thence, a new line, South 84° 09' 00" East 484.90 feet to an iron stake in the western line of Davie Road, said stake being 30 feet from the center of said Davie Road; thence, with the Western right of way line of said Davie Road, South 3° 15' 05" East 386.79 feet to the point of beginning, containing 4.627 acres, more or less.

There is excepted from this conveyance the easement for a sanitary sewer line 12 feet wide and running across the Northeastern portion of the property, which is delineated on a plat by Claude L. Whitfield, Public Engineer, dated August 15, 1968.

WHEREAS, the Declarant is the owner of certain condominium type multiunit buildings and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid property and it is the desire and the intention of the Declarant to divide the project into condominium units or "Units" as those terms are defined under the provisions of the North Carolina Unit Ownership Act, and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, the Declarant desires and intends, by the filing of this Declaration, to submit the above described property and the multiunit buildings located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provision of the North Carolina Unit Ownership Act (Chapter 47A, North Carolina General Statutes). NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property described above and as described in Paragraph 2 below is held and shall be held, conveyed, hypothecated, encumbered, used occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns. 1. Definitions: To the extent applicable to this Declaration and not inconsistent herewith, all definitions contained and set forth in the Unit Ownership Act, as of this time being Chapter 47A of the General Statutes of North Carolina, as the same may be amended from time to time, (herein referred to as "the Act") are incorporated herein by reference and shall have the same force and effect as if set forth verbatim and made a part hereof.

2. Descriptions and Unit Designations:

a) The description of the land on which the buildings and improvements are located is set forth on page 1 of this Declaration. b) The buildings constructed upon the hereinabove

described land shall be used for residential purposes only. The buildings constructed are seven (7) in number, and such buildings are two (2) stories in height, without basement, (except for the utility room located underneath Unit 25, Building D, FIDELITY COURT CONDOMINIUMS), and the seven (7) buildings and one (1) pump house contain in the aggregate seventy-two (72) units, one (1) one-bedroom gest/rental unit, two (2) utility rooms, two (2) dressing rooms, one (1) office and three (3) storage rooms. All units and buildings are two-story masonry veneer construction over crawl space. The buildings referred to hereinabove are more particularly described and portrayed in the plans of said buildings, a copy of which plans is attached to the original of this Declaration and made a part hereof and designated as Exhibit A and filed with the Office of Register of Deeds of Orange County simultaneously herewith, as appears of record in Book 34, at pages 62 through 66, filed of record on the 2<sup>nd</sup> day of September 1981, at 11:50 o'clock A.M., showing all particulars of the buildings including the layout, location, ceiling and floor elevations, unit designations (letter and number) and dimensions of the units, and location of the common areas and facilities affording access to each unit.

-2-

Such plans bear the verified statement of a registered architect or licensed professional engineer, certifying that said plans are an accurate copy of the plans of said multi-unit buildings.

(c) The unit designation of each unit and the building in which said unit is located are as follows:

BUILDING NUMBER UNIT NUMBER A 1

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approximate area, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth on Exhibit A which is attached to the original of this Declaration and made a part hereof as referred to hereinabove. Each unit has a living room, dining room, kitchen and half-bath (lavatory) on the first floor and two bedrooms and one bath on the second floor. In addition, each unit has a concrete slab patio and outside storage. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of its perimeter walls, roof and floors which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement or movement of the building, or by permissible repairs, construction or alteration. Each unit is subject to an easement for encroachments created by construction settling and overhangs as designed and constructed by the Declarant. A valid easement for said encroachments and for the maintenance of same, so long as they shall stand, shall and does exist. In the event that any building is partially or totally destroyed and then rebuilt, the owners of the units so affected agree that minor encroachments of parts of the adjacent unit or common area due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist. Every portion of a unit contributing to the support of an abutting unit shall be burdened with an easement of support for the benefit of such abutting unit.

3. Common Areas and Facilities: The common areas and facilities consist of all parts of the multi-unit buildings situate on the property described hereinabove, other than the individual dwelling units therein and described in Paragraph 2 hereinabove, including, without limitation, the following (except such portions of the following as may be included within or serving an individual unit):

-4-

(a) The land on which the building is erected and all lands surrounding the building as is more fully described on page 1 of this Declaration and as appears on plat and survey appearing of record in Map Book 34 at page 62, Orange County Registry.

(b) All foundations, columns, girders, beams, supports and other structural members.

(c) All exterior walls.

(d) Roofs, outside steps, walks, parking lots, drives, and entrances to and exits from the building.

(e) All central and appurtenant installations for services such as power, light, telephone, gas, hot and cold water, heat, refrigeration, air conditioning, incinerating (including

all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits, and compressors in connection therewith, whether located in common areas or in units) and all other mechanical equipment pertaining thereto. (f) All sewer and drainage pipes.

(g) All other parts of the property and all apparatus and installations existing in the building or upon the property intended for common use or necessary for or convenient to the existence, maintenance or safety of the property, including among other common facilities, a pump house, a swimming pool, two (2) utility rooms, two (2) dressing rooms, three (3) storage rooms, one (1) office and one (1) one-bedroom guest rental unit. The one (1) one-bedroom guest/rental unit, one (1) utility room, and one (1) storage room are designated as Unit 61, Building E, and their location, dimensions, approximate area, number of rooms, and other data concerning their proper identification is set forth on Exhibit

A which is attached to the original of this Declaration and made a part hereof as referred to hereinabove. The two (2) dressing rooms, one (1) storage room and pump house building adjacent to the swimming pool and its location, dimensions, approximate area, number of rooms, and other data concerning its proper identification is set forth on EXHIBIT A which is attached to the original of this Declaration and made a part hereof as referred to hereinabove. One (1) utility room and one (1) storage room is located in the area underneath Unit 25, Building D and their location, dimensions, approximate area, number of rooms, and other data concerning its proper identification is set forth on EXHIBIT A which is attached hereto to the original of this Declaration and made a part hereof as referred to hereinabove.

-5-

(h) The initial undivided interest of each unit owner in the common areas and facilities above described is 1,389%.

(i) There are no limited common areas or facilities.

4. Association of Unit Owners: The administration of the condominium project shall be vested in its association of unit owners to be known as FIDELITY COURT UNIT OWNERSHIP ASSOCIATION in accordance with the By-Laws of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION appended hereto. The membership of the association shall consist of all of the unit owners of the project, including the Declarant, so long as said Declarant retains owners of one or more of the project units. The owner of any unit, upon acquiring title thereto, shall automatically become a member of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION and shall remain a member thereof until such time as his, or her or its ownership of such unit ceases for any reason, when his, her or its membership in FIDELITY COURT UNIT OWNERSHIP ASSOCIATION shall automatically cease. Operation of the project and the maintenance, repair, replacement and operation of the common elements, and any additions and alterations thereto, shall be in accordance with the provisions of Chapter 47A of the North Carolina General Statutes, entitled "Unit Ownership Act", this Declaration and the By-Laws of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION.



5. Use: The buildings and each of the units shall be used for residential purposes only. Any unit owner may delegate to the members of his family, guests and tenants, in accordance with the By-Laws of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION, his right of possession, use and enjoyment of his unit and the common area and facilities. There is reserved to the exclusive use of each unit owner that portion of the general common area extending immediately from the rear building line for each individual unit upon which is located a concrete slab patio and outside storage shed. No fencing shall be erected by any unit owner without permission of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION. The Board of Directors of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION shall have exclusive control over the one (1) on bedroom guest/rental unit designated as Unit 61, Building E, FIDELITY COURT CONDOMINIUMS. The Board of Directors shall have the authority to lease the one (1) one-bedroom guest/rental unit for residential purposes and shall apply the rental proceeds in the best interests of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION. Subject to the approval of the Board of Directors each unit owner may reserve the one(1) one-bedroom guest/rental unit designated as Unit 61, Building E, FIDELITY COURT

-6-

CONDOMINIUMS for the use of his family and/or guests during each calendar year. The reservation shall be made in writing with the Secretary of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION at least one (1) month prior to the requested use of said unit. The first request received by the Secretary of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION shall have priority over subsequent requests. In the event that the guest unit has not been previously reserved, or leased, the Secretary of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION may waive the one (1) month notice of reservation under those circumstances when a unit owner desires to reserve the guest unit during the upcoming month. Upon appropriate application, the Board of Directors of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION may grant or delay a unit owner the right to reserve the guest unit during the calendar year. The guest unit may also be used as a clubhouse, meeting room or any other such purpose as approved by the Board of Directors of the FIDELITY COURT UNIT OWNERSHIP ASSOCIATION.

6. Person to Receive Service of Process: Robert II, Oakes, Sr. is hereby designated to receive service of process in any action which may be brought against or in relation to this condominium. Said person's residence is 112 Fidelity Street, Carrboro, North Carolina 27510, which is within the city and county in which the buildings are located.

7. Easements: Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and

other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, lines, wires, ducts, cables, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Manager or the Board of Directors, as the case may be, shall have the right of access to each unit to inspect the same, to correct or terminate violations as to same and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The Manager or the Board of Directors, as the case may be, hereafter may grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits and wires under any portion of the common areas; and each unit owner hereby grants to the Manager or the Board of Directors, as the case may be, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner such instruments as may be necessary to effectuate the foregoing.

-7-

8. Partitioning: The common areas and facilities shall not be divided nor shall any right to partition any portion thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entireties jointly, or in common or in any other form permitted by law.

9. Liens: While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all of the condominium unit owners and the holders of first liens thereon except such liens as may arise or be created against the several units and their respective common interests under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanic's lien by reason of labor performed or materials furnished is waived.

10. Nature of Interest in Units: Every condominium unit, together with its undivided interest in the common areas and facilities, for all purposes shall be and it hereby is declared to be a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions and easements as may be contained herein and the By-Laws of FIDELITY COURT UNIT

OWNERSHIP ASSOCIATION and the Rules and Regulations adopted pursuant thereto and the resolutions and decisions of the Board of Directors. 11. Insurance: Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policies: All insurance policies insuring the condominium property shall be purchased by the Board of Directors for the benefit of the Board of Directors and the unit owners and their mortgages as their interests may appear, and provisions shall be made for the issuance to the mortgagees of unit owners of certificates of mortgages endorsements. Unit owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) Coverage: All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Director with the assistance of the insurance company providing such

-8-

coverage. Such coverage shall provide protection against

(1) loss or damage by fire and other hazards covered by standard extended coverage endorsement, and (2) such other risk as from time to time shall be customarily covered with respect to buildings similar in construction, location and use.

Public liability insurance shall be secured by the Board of Directors in such amount and with such coverage as shall be deemed necessary by the Board of Directors, including but not limited to an endorsement to cover liability of the unit owners as a group to a single unit owner. There shall also be obtained such other insurance coverage as the Board of Directors from time to time shall determine to be desirable and necessary.

(c) Premiums: Premiums for insurance policies purchased by the Board of Directors shall be paid by the Board of Directors as a common expense as set forth in the By-Laws.

(d) Proceeds: All insurance policies purchased by the Board of Directors shall be for the benefit of the Board of Directors and the unit owners and their mortgagees as their interests may appear and shall provide that all proceeds thereof shall be payable to the Board of Directors as insurance trustees under this

Declaration. The sole duty of the Board of Directors as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-Laws and for the benefit of the unit owner and their mortgagees in the following shares:

(1) Proceeds on account of damage to common areas and facilities-an undivided share for each unit owner, such share being the same as each unit owner's undivided interest in the common areas and facilities as set forth hereinabove.

(2) Proceeds on account of damage to units shall be held as follows:

(A) When the building is to be restored – for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Board of Directors, such proceeds to be held in undivided shares. (B) When the building is not to be restored – an apportioned share for each unit owner of the damaged units with such apportionment to be in a ratio identical to the ratio which the original purchase

-9-

price of each individual unit so damaged bears to the aggregate original purchase price of all of the units so damaged.

(3) In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear. 12. Distribution of Insurance Proceeds: Proceeds of insurance policies

received by the Board of Directors as insurance trustees shall be distributed to or for the benefit of the beneficial owners in the following manner: (a) Expense of the Trust: All expenses of the insurance trustees shall be first paid, or provision made therefor.

(b) Reconstruction or Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as provided by Paragraph 13 hereof. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners.

(c) Failure to Reconstruct or Repair: If it is determined as provided in Paragraph 13 hereof that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners thereof.

13. Damage and Destruction: Except as hereinafter provided, damage to or destruction of the building or buildings shall be promptly repaired and restored by the Board of Directors using the proceeds of insurance on the buildings for that purpose and unit owners shall be liable for assessment of any deficiency; provided, however, if the entire group of buildings be more than two thirds destroyed by fire or other casualty and the owners of three-fourths of all of the units in the several buildings located on subject property resolve not to proceed with reconstruction or restoration, then in that event the property shall either be (a) sold or otherwise transferred as hereinafter provided, or (b) deemed to be owned as tenants in common by the unit owners of the destroyed buildings and subject to the provisions of North Carolina General Statutes 47A-25 as the same exists at the date hereof or as amended hereafter. The determination of whether to sell the property or to make the property subject to the provisions of North Carolina General Statutes 47A-25 shall be by

affirmative vote of three fourths of all of the unit owners of the several buildings.

Any reconstruction or repair shall be in accordance with the plans of the original building, portions of which are attached hereto as exhibits; and if not, then according to the plans and specifications approved by the Board of Directors.

-10-

14. Mortgaging of Units: No unit owner may mortgage his unit or any interest therein without the approval of the Board of Directors, except as to a first mortgage lien made to Declarant, a bank, life insurance company, real estate investment trust, or savings and loan association. The Board of Directors may, and it is hereby authorized to impose reasonable conditions upon which approval as to any other mortgage shall be given. No unit owner may mortgage or otherwise encumber his unit or any interest therein unless such mortgage or encumbrance shall provide for written notice to the Board of Directors in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten (10) days written notice to the Board of Directors prior to any foreclosure under any such mortgage or other encumbrance. Each unit owner who shall mortgage or otherwise encumber his unit or any interest therein shall furnish to the Board of Directors a copy of all such mortgages, deeds of trust or other instruments creating such encumbrances.

The Holder of any mortgage encumbering a unit or any interest therein shall be entitled to written notification from Fidelity Court Unit Ownership Association and Fidelity Court unit Ownership Association shall so give such notification of any default by the mortgagor of such unit or any interest therein in the performance of said mortgagor's obligations under the Fidelity Court Declaration of Unit Ownership and any amendment thereto, or the By-Laws and any amendment thereto, or the Rules and Regulations of the Fidelity Court Unit Ownership Association which default is not cured within thirty (30) days.

15. Subordination: Nothing contained in this Declaration shall impair or defeat the lien of any first mortgage or deed of trust made in good faith and for value, but the title to any unit or any interest therein is subject to this Declaration. 16. Restrictions:

(a) It shall be the responsibility of each unit owner and the Board of Directors to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on such property which shall tend to decrease the beauty of the neighborhood as a whole or the specific area.

(b) No noxious or offensive activity shall be carried on in or upon any unit, nor shall anything be done therein tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood or to other unit owners. There shall not be maintained in or upon any unit any plants or animals, other than household

pets as hereinafter specified and allowed, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the other unit owners thereof.

(c) Household pets may be maintained in or upon any unit in accordance with the Rules and Regulations as adopted by the Fidelity Court Unit Ownership Association. However, household pets are permitted outside the units only if leashed.

(d) No commercial signs (including "for rent", "for sale", and other similar signs or property identification signs shall be erected or maintained on any unit except with the written permission of the Board of Directors, or except as may be required by legal proceedings, it being understood that the Board of Directors will not grant permission for said signs unless their erection is reasonably necessary.

(e) Garbage and trash shall be disposed of only in areas specifically designated therefor.

(f) No structure of any temporary character shall be placed upon the property at any time.

(g) No tent, barn, storage shed, garage, tree house or other similar outbuilding or structure shall be placed on the property at any time, either temporarily or permanently.

(h) No trailer, camper, boat, mobile home, van, or any other motor vehicle other than conventional passenger automobiles or motorcycles or motor scooters shall be placed on the property at any time, either temporarily or permanently, except as herein provided and allowed. Conventional passenger automobiles shall be privileged to use the unscreened parking areas located and situated upon the project, and one (1) designated parking space shall be assigned to the owner of each unit and shall be reserved to the exclusive use of the unit owner. Motorcycles and motor scooters, if equipped with proper muffler, may be parked in the unscreened parking areas. Trailers, campers, boats, mobile homes, vans and other motor vehicles other than conventional passenger automobiles and motorcycles and motor scooters may be parked upon the project only in the screened parking areas designated specifically for such purposes, if any.

(i) No unit shall be used for any commercial or professional purpose, and no professional person shall maintain public office in any unit; provided however, that this restriction shall not prevent the use of any unit by a professional person for his own private office not connected with visits from patients, clients or members of the public.

(j) All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them for a period of thirty (30) years from the date of recordation of this Declaration, after which time said covenants shall be extended automatically for successive periods of ten (10) years unless an instrument signed by the unit owners owning at least 66-2/3% in common interest of the units affected by such covenants has been recorded agreeing to revise or amend or rescind said covenants in whole or in part.

(k) In the event of a violation or breach of any of these restrictions contained in this Paragraph 16 or of any other restrictions or covenants of this Declaration by any property owner or guest, invitee, or agent of such owner, the owners of units, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing and in the event there shall have been any violation of these restrictions, Declarant shall have the right at any time until six (6) months from and after the date and time as of which all units have been sold by Declarant to enter upon the property where such violations exists and summarily abate or remove the same at the expense of the offending owner if after thirty (30) days written notice of such violation it shall not be deemed a trespass. The failure to enforce any right, reservation or condition contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior thereto or subsequent thereto, and shall not bar or affect its enforcement.

17. Units Subject to Declaration, By-Laws, Rules and Regulations: All present and future owners, tenants and occupants of units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and any Rules and Regulations that may be adopted in accordance with the By-Laws, as said Declaration, By-Laws, Rules and Regulations may be amended from time to time. The acceptance of deed or conveyance, or the entering into of a lease, or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, By-Laws, and any Rules and Regulations which may be adopted are accepted and ratified by such owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were made a part of each and every deed or conveyance or lease.

least 66-2/3% in common interest of all unit owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By Laws. No such amendment shall be effective until recorded in the Office of the Register of Deeds for and in the County of Orange.

19. Invalidity: The invalidity of any provision of the Declaration shall not be deemed to impair or affect in any manner the invalidity or enforceability or effect of the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision never had been included herein.

20. Waiver: No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur.

21. Captions: The captions herein are inserted only as a matter of convenience and for reference and such shall not be construed to define, limit or describe the scope of this Declaration nor the intent of any provision hereof.

22. Law Controlling: This Declaration and the By-Laws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed all by order of its Board of Directors, this the 18<sup>th</sup> day of December, 1980. FIDELITY APARTMENTS, INC.

By:

\_\_\_\_\_

President

ATTEST:

\_\_\_\_\_

Secretary

-14-

NORTH CAROLINA  
ORANGE COUNTY

I, \_\_\_\_\_, a Notary Public, certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that he is the secretary of FIDELITY APARTMENTS, INC., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself and its Secretary.

Witness by hand and notarial seal, this the 18<sup>th</sup> day of December, 1980.

\_\_\_\_\_

Notary Public



My Commission Expires:

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-15-

## EXHIBIT A

Exhibit A appended to the original executed copy of this Declaration is a copy of the plans of Fidelity Court Condominiums as prepared by Claude L. Whitfield, Licensed Engineer, Goldsboro, North Carolina. A copy of such plans is on file with the Office of Register of Deeds, Orange County, as prescribed by statute.

BY-LAWS

OF

FIDELITY COURT UNIT OWNERSHIP ASSOCIATION CARRBORO, NORTH  
CAROLINA

## ARTICLE I – PLAN OF UNIT OWNERSHIP

1. UNIT OWNERSHIP: The Property located in Orange County, State of North Carolina, and more particularly described in the Declaration to which they By-Laws are attached, has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act" by the Declaration recorded in the Office of the Register of Deeds of Orange County, State of North Carolina, simultaneously herewith, and such Property shall hereinafter be known as FIDELITY COURT CONDOMINIUM" (hereinafter referred to as "Fidelity Court").

2. APPLICABILITY OF BY-LAWS: The provisions of these By-Laws are applicable to the Property of Fidelity Court and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the buildings and all other improvements thereon, including the units and the common areas and facilities owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are submitted to the provisions of said Chapter 47A of the North Carolina General Statutes, entitled "Unit Ownership Act".

3. APPLICATION: All present and future owners, mortgagees, lessees and occupants of Units and their employees, agents, guests, and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, these By-Laws and the Rules and Regulations made pursuant hereto and any amendment to these By-Laws upon the

same being passed and duly set forth in an Amendment to the By-Laws duly recorded.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws and any Rules and Regulations made pursuant hereto and the provisions of the Declaration, as they may be amended from time to time, will be complied with and are accepted and ratified.

-1-

## ARTICLE II – ASSOCIATION OF UNIT OWNERS

1. COMPOSITION AND POWERS: The Association of Unit Owners shall be composed of all of the unit owners of the project, including Fidelity Apartments, Inc. (hereinafter referred to as “Declarant”), so long as Declarant retains ownership of one or more of the project units. The Association shall have all the powers with respect to the operation and regulation of the condominium project conferred upon the Association or which may be conferred upon the Association by or pursuant to a) the provisions of Chapter 47A of the General Statutes of North Carolina, being the Unit Ownership Act of North Carolina, and b) the Declaration of Fidelity Apartments, Inc. filed of record in the Office of the Register of Deeds for the County of Orange, to which Declaration these By-Laws are appended. Except as otherwise provided for herein allowing for the exclusive control by Declarant of the acts, decisions and resolutions of the Association until such time as ninety percent (90%) of the Fidelity Court units have been sold (65 of the 72 units) or until three (3) years from and after the date of the filing of record of the deed of transfer for the first unit sold by Fidelity Apartments, Inc., whichever event comes first, the acts, decisions and resolutions of the Association shall be effective upon adoption by vote of a majority of unit owners as defined by Chapter 47A of the General Statutes of North Carolina, such majority of unit owners being the owners of more than fifty percent (50%) of the aggregate interest in the common areas and facilities as established by the Declaration, assembled at a duly called meeting of the unit owners.

2. PRESENT EXISTENCE OF ASSOCIATION OF UNIT OWNERS: The Association of Unit Owners, to be known as FIDELITY COURT UNIT OWNERSHIP ASSOCIATION and referred to hereinafter as either “Association” or “Unit Owners”, shall be in and have an existence from and after the filing of record by Fidelity Apartments, Inc. of the Declaration of Fidelity Court to which Declaration these By-Laws are appended. As of the date and time of the filing of record of the Declaration, Fidelity Apartments, Inc. will be the sole unit owner comprising the membership of the Association as the owner of one hundred percent (100%) of the aggregate interest in the common areas and facilities, and Fidelity Apartments, Inc. shall hold an initial meeting of the Association at any time at its selection within thirty (30) days from and after the date of filing of the Declaration for the purpose of designating an initial Board of Directors and for the purpose of transacting all other matters required for the organization of the Association. In the event that there is a unit owner

or there are unit owners other than Fidelity Apartments, Inc. at the time of the holding of such initial meeting of the Association, such meeting shall be held upon ten (10) days' written notice given by Fidelity Apartments, Inc. to such other unit owner or unit owners.

3. ANNUAL MEETINGS: An annual meeting of the Unit Owners shall be held at 8:00 o'clock P.M. on the first Monday of December of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next day following a legal holiday, for the purpose of electing members of the Board of Directors (except as initially limited by the terms and provisions of Article III, Section 2, hereinafter appearing) and for transacting such other business as may be properly brought before the meeting.

4. SUBSTITUTE ANNUAL MEETINGS: If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

5. SPECIAL MEETINGS: Special meetings of the Unit Owners may be called at any time by the Board of Directors or upon the written request of unit owners owning not less than twenty-five percent (25%) of the aggregate interest in the common areas and facilities.

6. NOTICE OF MEETINGS: Written notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than thirty (30) days before the stated date of such meeting, either personally or by mail at the direction of the Board of Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

In the case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of Directors on which the vote of Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting the notice of meeting shall specifically state the purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

7. QUORUM: The presence in person or by proxy at any meeting of the voting members as defined in Section 8 of this Article having a majority of the total votes (37 or more of 72 votes) shall constitute a quorum. Unless otherwise expressly provided for herein or in the Declaration or by law, any action may be taken at any meeting of the united Owners at which a quorum is present upon the affirmative vote of the voting members having a

majority of the total votes present at such meeting. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the voting members present, either in person or by proxy, and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The voting members at a meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough voting members to leave less than a quorum.

8. VOTING RIGHTS: There shall be one person or entity with respect to each unit who or which shall be entitled to vote at any meeting of the Unit Owners. Such person or entity shall be known and hereafter referred to as a "voting member". Such voting member may be the owner or one of the group comprising all of the owners of a unit or may be some person who need not be an owner designated by such owner or owners to act as proxy on his or her or its or their behalf. Such designation shall be made in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors of the death or judicially declared incompetence of any designator, or by written notice to the Board of Directors by the owner or owners. The total number of votes of all voting members shall be seventy-two (72), and each owner or group of owners (including Fidelity Apartments, Inc. and/or the Board of Directors, if Fidelity Apartments, Inc. and/or the Board of Directors or their/its designee shall then hold title to one or more units) shall be entitled to the number of votes equal to the total number of units owned by such voting member.

9. CUMULATIVE VOTING: In all elections for members of the Board of Directors such voting member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected.

10. WAIVER OF NOTICE: Any Unit Owner at any time may waive notice of any meeting of the Unit Owners in writing, and such waiver shall be deemed equivalent

-4-

to the giving of such notice. Attendance by a Unit Owner at any meeting of the Unit Owners shall constitute a waiver of notice by his of the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Unit Owners are present at any meeting of the Unit Owners, no notice shall be required, and any business may be transacted at such meeting.

11. INFORMAL ACTION BY UNIT OWNERS: Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Fidelity Court

### ARTICLE III – BOARD OF DIRECTORS

1. GENERAL POWERS: The business and property of Fidelity Court shall be managed and directed by the Board of Directors or by such Executive Committee as the Board may establish pursuant to these By-Laws.

2. NUMBER, TERM AND QUALIFICATIONS: The initial Board of Directors of Fidelity Court shall be comprised of three (3) Directors to be designated by Fidelity Apartments, Inc. at the initial meeting of the Association as referred to in Article II, Section 2, hereinabove set forth. The initial Board of Directors so designated by Fidelity Apartments, Inc. shall serve until such time as ninety percent of the Fidelity Court units (65 of the 72 units) have been sold by Fidelity Apartments, Inc. or until three (3) years from and after the date of the filing of record of the deed of transfer for the first unit sold by Fidelity Apartments, Inc., whichever comes first, and the initial Board of Directors so designated by Fidelity Apartments, Inc. shall not be subject to change as to composition or size by any vote of the Association during such period of time. If seventy-five percent (75%) of the units have been sold by Fidelity Apartments, Inc. at a time prior to three (3) years from and after date of filing of record of the deed of transfer for the first unit sold by Fidelity Apartments, Inc., the Board of Directors at that time shall be increased in size from three (3) Directors to five (5) Directors, with the additional two (2) Directors to be elected by the then existing unit owners other than Fidelity Apartments, Inc. at a special meeting called for such purpose. At such time when ninety percent (90%) of the Fidelity Court units (65 of the 72 units) have been sold or three (3) years from and after date of filing of record of the deed of transfer for the first unit sold by Fidelity Apartments, Inc., whichever comes first, the three (3) Directors initially designated by Fidelity Apartments,

5-

Inc. shall resign, and a) three (3) successor Directors and b), if the Board of Directors is at that time a three-director board, an additional two (2) directors will be elected with such election to be by the unit owners, including Fidelity Apartments Inc. if then a unit owner, at a special meeting called for such purpose.

The size of the Board of Directors thereafter may be increased or decreased from time to time upon the affirmative vote of the unit owners owning 66-2/3% of the aggregate interest in the common areas and facilities, provided that said Board shall not be less than five (5) in number. Each Directors shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Each Member of the Board shall be one of the unit owners or co-owners or a spouse of a unit owner or co-owner provided, however, that in the event an owner or co-owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, trustee or beneficiary of such trust or manager of such other legal entity shall be eligible to serve as a member of the Board.

3. ELECTION OF DIRECTORS: Except as provided in Section 4 of this Article, the Directors shall be elected at the annual meeting of Unit Owners, and those persons who receive the highest number of votes shall be deemed to have been elected.

4. VACANCIES: A vacancy occurring in the Board of Directors, including directorships not filled by the Unit Owners, may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director; but a vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting members may elect a Director at any time to fill any vacancy not filled by the Directors.

5. COMPENSATION: The Board of Directors shall receive no compensation for their services unless allowed and provided or by a resolution of the Unit Owners passed by the affirmative vote of the Unit Owners owning 66- 2/3% of the aggregate interest in the common areas and facilities.

6. EXECUTIVE COMMITTEES: The Board of Directors may, by resolution adopted by a majority of the number of Directors fixed by these By-Laws, designate three or more Directors to constitute an Executive Committee, which Committee to the extent provided for in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of Fidelity Court.

-6-

7. POWERS AND DUTIES: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of Fidelity Court and may do all such acts and things except such acts as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep and maintenance of the common areas and facilities, including the exteriors of the several buildings. (b) Determination of the common expenses required for the affairs of Fidelity Court including without limitation, the operation and maintenance of the Property.

(c) Collection of the common charges from the Unit Owners. (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities. (e) At the direction of the Unit Owners declared by the affirmative vote of Unit

Owners owning 66-2/3% of the aggregate interest in the common areas and facilities, the adoption and amendment of such reasonable Rules and Regulations as may be deemed necessary for the use, enjoyment, care, conservation and beautification of the Property and for the health, comfort, safety and general welfare of the Unit Owners and the occupants of the Property. Written notice of such Rules and Regulations shall be given to all Unit Owners and occupants and the entire Property shall at all times be maintained subject to such Rules and Regulations. Fidelity Apartments, Inc. as designator of the initial Board of Directors and as owner of one hundred percent (100%) of the aggregate interest in the common areas and facilities as of the time of the filing of the Declaration for Fidelity Court to which Declaration these By-Laws are appended, shall promulgate and issue an initial set of Rules and Regulations, which from and after such promulgation shall be and continue in force and effect until such time as they may be amended by the Board of Directors as herein provided. A copy of such initial Rules and Regulations shall be furnished by Fidelity Apartments, Inc. to each Unit Owner at the time of such owner acquiring from Fidelity Apartments, Inc. his, her or its ownership interest in the Fidelity Court unit.

(f) Opening of bank accounts on behalf of Fidelity Court and designating the signatories required therefor.

(g) Maintaining and repairing any unit (in addition to the exteriors of the several buildings) if such maintenance or repair is necessary in the opinion -7-

of the Board of Directors or by operation of applicable restrictions or ordinances or regulation to protect the common areas and facilities or any other portion of any building and the owner of such unit in disrepair has failed to or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board of Directors to said owner, provided that the Board of Directors shall levy a special assessment against such owner for the costs of said maintenance or repair.

(h) Entering any unit when necessary in connection with any maintenance or repair or construction for which the Board of Directors is responsible; provided, however, that such entry shall be made during reasonable hours with as little inconvenience to the occupant as practical, and any damage caused thereby shall be repaired by the Board of Directors and such expense shall be treated as a common expense.

(i) Signing all agreements, contracts, deeds, vouchers for payment of expenditures exceeding FIVE HUNDRED DOLLARS (\$500.00) and other instruments in such manner as from time to time shall be determined to be necessary as evidenced by written resolution of the Board of Directors.

(j) Applying for and obtaining the issuance of contracts of insurance for the Property, including the individual units, pursuant to the provisions of Paragraph 11 of the Declaration.

(k) Making repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws and the Declaration after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

(l) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, units offered for sale or lease or surrendered by their owners to the Board as provided by the Declaration.

(m) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(n) Selling, mortgaging, voting appurtenant to or otherwise dealing with units acquired by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions.

-8-

(o) Organizing corporations or other entities to act as designees of the Board in acquiring possession or title to units on behalf of all Unit Owners. 8. MANAGING AGENT: The Board of Directors of Fidelity Court may engage the services of any person, firm or corporation to act as managing agent at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize including but not limited to the duties listed in subdivisions (a), (c), (d), (f), (h), (j), and (k) of Section 7 of this Article III. The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these By-Laws other than the powers set forth in subdivisions (b), (e), (i), (l), (m), (n) and (o) of Section 7 of this Article III.

#### ARTICLE IV – MEETINGS OF DIRECTORS

1. ORGANIZATIONAL MEETING: The first meeting of the members of the Board of Directors shall immediately follow the initial meeting of the Unit Owners (Association). It shall not be necessary for notice to be given to the three (3) initial members of the Board of Directors designated by Fidelity Apartments, Inc to serve in order to legally constitute such meeting, providing a quorum shall be present.

2. REGULAR MEETINGS: A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Directors may designate by resolution the time and place within the State of North Carolina for the holding of a regular meeting of the Board of Directors.



3. SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board of Directors or by any two Directors.

4. NOTICE OF MEETINGS: Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two (2) days before such meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

-9-

5. WAIVER OF NOTICE: Any member of the Board of Directors at any time may waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board of Directors no notice shall be required and any business may be transacted at such meeting.

6. QUORUM: A majority of the number of directors fixed by these By Laws as amended from time to time shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

7. MANNER OF ACTION: Except as otherwise provided for in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A vote of a majority of the number of Directors fixed by the By-Laws shall be required to adopt a resolution constituting an Executive Committee. Vacancies in the Board of Directors may be filled as provided in Article III, Section 4 of these By-Laws.

8. ORGANIZATION: Each meeting of the Board of Directors shall be presided over by the Chairman of the Board, and in the absence of the Chairman, by any person selected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, the Assistant Secretary, or in the absence of both the Secretary and the Assistant Secretary, any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.

9. INFORMAL ACTION OF DIRECTORS: Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the Minutes of the proceedings of the Board, whether done before or after the action so taken.

10. MINUTES: The Board of Directors shall keep written minutes of its proceedings.

11. FIDELITY BONDS: The Board of Directors may require all officers and

employees of Fidelity Court handling or responsible for Fidelity Court funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a common expense.

12. LIABILITY OF THE BOARD OF DIRECTORS: The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith.

-10-

The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of Fidelity Court unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of Fidelity Court except to the extent they are Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid liability in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interests of all the Unit Owners in the common areas and facilities. Every contract made by the Board of Directors or by the managing agent on behalf of Fidelity Court shall provide that the members of the Board of Directors, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all Unit Owners in the common areas and facilities.

## ARTICLE V – OFFICERS

1. MEMBER: The principal officers of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION shall consist of a Chairman of the Board, a Secretary, a Treasurer, and such Vice Chairman, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person except the offices of Chairman and Secretary. The Treasurer of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION may retain the services of a bookkeeper or he may act himself as bookkeeper for the Association at a compensation determined by the Board of Directors as evidenced by written resolution of the Board of Directors.

2. ELECTION AND TERM: The officers of Fidelity Court shall be elected by the Board of Directors from and among the Unit Owners. It is not required that an officer, other than the

Chairman of the Board, be a Director. Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

3. REMOVAL: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person -11-

so removed.

4. COMPENSATION: No officer shall receive any compensation from Fidelity Court for acting as such, except for the Treasurer in the event of the approval of same by the Board of Directors as provided for in Item 1 hereinabove.

5. CHAIRMAN OF THE BOARD: The Chairman of the Board shall be the principal executive officer of Fidelity Court and, subject to the control of the Board of Directors, shall provide supervise and control the management of Fidelity Court. The Chairman, when present, shall preside at all meetings of the Board of Directors and of the Unit Owners and, in general, shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Directors.

6. VICE CHAIRMAN: In the absence of disability of the Chairman, the Vice Chairman, and if there be more than one, the Vice Chairman designated by the Board of Directors, shall have the powers and perform the duties of said office. In addition, each Vice Chairman shall perform such other duties and shall have such other powers as shall be prescribed by the Chairman of the Board of Directors.

7. SECRETARY: The Secretary will keep accurate records of the acts and proceedings of all meetings of Unit Owners and Directors. He shall give, or cause to be given, all notices required by law and by these By-Laws. He shall have general charge of the Minute Books and records of both the Unit Owners and the Board of Directors. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the Chairman of the Board or by the Board of Directors.

8. TREASURER: The Treasurer shall have custody of all Fidelity Court funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances prepared and distributed to all Unit Owners and members of the Board of Directors on or before the last day of the third month following the close of each fiscal year a true statement of the assets and liabilities of Fidelity Court as of the close of each fiscal year, and of the results of its operations and of changes in surplus of Fidelity Court for such fiscal year, all in reasonable detail. The statements so prepared shall be kept available for inspection by any Unit Owner for a period of three (3) years. The Treasurer shall also prepare, and file all reports and returns required by Federal, State or local law and shall generally perform all

other duties as may be assigned to him from time to time by the Chairman

12-

of the Board or by the Board of Directors.

9. ASSISTANT SECRETARIES AND TREASURERS: The Assistant Secretaries and Assistant Treasurers, if any, shall have all the powers and perform all of the duties of the offices of Secretary and Treasurer respectively in the absence or disability of the Secretary and the Treasurer respectively, and in general they shall perform such other duties as shall be assigned to them by the Secretary of the Treasurer respectively or by the Chairman of the Board or by the Board of Directors.

## ARTICLE VI – OPERATION OF THE PROPERTY

1. DETERMINATION OF COMMON EXPENSES AND FIXING OF COMMON CHARGES: The Board of Directors shall from time to time, and at least annually, prepare a budget for Fidelity Court, determine the amount of the common charges payable by the Unit Owners to meet the common expenses of Fidelity Court, and allocate and assess such common charges among the Unit Owners according to their respective interests in the common areas and facilities. The common areas and facilities shall include, among other things:

(a) Cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors, including specifically but not limited to 1) fire and extended casualty coverage insuring the several buildings comprising Fidelity Court, though not the contents of the individual units located therein, and 2) liability insurance relative to the use, operation and occupancy of Fidelity Court.

(b) Water and sewer charges.

(c) Expenses incurred in the maintenance of the grounds and the maintenance and/or replacement of the parking lots, roadways, recreational facilities, two (2) utility rooms, two (2) dressing rooms, three (3) storage rooms, one (1) one-bedroom guest/rental unit and one (1) office designated as Unit 61, Building E, building exteriors, and utility lines.

(d) Common area electric and lighting costs.

(e) Expenses incurred in the maintenance and replacement of master television antenna or antennas.

(f) All other reasonable expenses and costs which may be incurred incident to the use and occupancy of the common areas of Fidelity Court by the several Unit Owners thereof and which may be incurred relative to the promotion of the health, safety, welfare and recreation of the residents thereof, and which may be incurred incident to the operation of Fidelity Court.

The common expenses may also include such amounts as the Board of Directors may deem proper for working capital of Fidelity Court for a general operating reserve or a reserve fund for replacements, and to make up any deficit in the common expense for any prior year. The Board of Directors shall advise all Unit Owners promptly in writing of the amount of common charges payable by each of them respectively as determined by the Board of Directors and shall furnish copies of each budget on which such common charges are based to all Unit Owners and also to their mortgagee, if so requested.

2. SPECIAL ASSESSMENT FOR CAPITAL IMPROVEMENTS: In addition to the common charges authorized above, the Board of Directors, by and with the assent of Unit Owners owning in excess of fifty percent (50%) of the aggregate interest in the common areas and facilities, may levy in any year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described capital improvement situated upon or relating to the common areas, including the necessary fixtures and personal property related thereto. Any action authorized under Section 2 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Unit Owners not less than ten (10) days nor more than thirty (30) days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite majority of the vote of all Unit Owners, Unit Owners who were not present in person or by proxy may give their assent in writing, provided the same is given and obtained not later than thirty (30) days from the date of such meeting.

3. PAYMENT OF COMMON CHARGES AND SPECIAL ASSESSMENTS: All Unit Owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI on the first day of each month and shall be obligated to pay the special assessments at such time or times as the Board of Directors may determine.

No Unit Owner shall be liable for the payment of any part of the common charges or special assessments assessed against his unit subsequent to a sale, transfer or other conveyance by him of such unit together with his interest in the common areas and facilities as defined in the Declaration. A purchaser of a unit shall be jointly and severally liable with the seller for the payment of common charges and special assessments assessed against such unit prior to the acquisition by purchaser of such unit without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser, therefore. Notwithstanding the provisions set forth hereinabove, a mortgagee or other purchaser of a unit

at a foreclosure sale of such unit shall not be liable for and such unit shall not be subject to a lien for the payment of common charges and special assessments assessed prior to the foreclosure sale. Such unpaid common charges and special assessments shall be deemed common charges and special assessments collectible from all of the Unit Owners including such purchaser, his successor and assigns.

4. CREATION OF LIEN AND PERSONAL OBLIGATION FOR COMMON CHARGES AND SPECIAL ASSESSMENTS:

Each Unit Owner of Fidelity Court by his acceptance of a deed or instrument of conveyance for a unit located therein, whether or not it shall be so expressed in any such deed or instrument of conveyance, is deemed to covenant and agree to pay to FIDELITY COURT UNIT OWNERSHIP ASSOCIATION: (1) all common charges assessed, and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinabove provided. Such common charges and special assessments, together with interest thereon after default and costs of collection thereof, including reasonable attorneys' fees; shall be a charge on the unit in question and shall be a continuing lien upon the property against which each such common charge or special assessment is made. Each such common charge or special assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the

person or persons or entity who or which was the owner of such property at the time when the common charge or special assessment became due and owing.

5. EFFECT OF NONPAYMENT OF COMMON CHARGES AND SPECIAL ASSESSMENTS; REMEDIES OF THE ASSOCIATION: Any common charge or special assessment which is not paid when due shall be delinquent. If the common charge or special assessment is not paid within thirty (30) days after the due date, such common charge or special assessment shall bear interest from the due date at the maximum legal rate per annum, and the Board of Directors may bring an action at law for recovery of such against the Unit Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such common charge or special assessment. No Unit Owner may waive or otherwise avoid liability for the common charge or special assessment provided for herein by non-use of the common area or abandonment of his or her or its unit. In any action brought by the Board of Directors to foreclose on a unit because of unpaid common charges or special assessments, the Unit Owner shall be required to pay a reasonable rental for the use of his unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to

collect the same. The Board of Directors, acting on behalf of all Unit Owner or on behalf of

any one or more individual Unit Owners if so instructed, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant thereto and convey or otherwise deal with the same, subject however, to applicable restrictions of record and the provisions of the Declaration. A suit to recover a money judgment for unpaid common charges or special assessments may be maintained without foreclosing or waiving the lien securing the same. In addition to the remedies hereinabove provided, the Board of Directors shall have the right to suspend the privilege of the defaulting Unit Owner to use and enjoy any of the common facilities of Fidelity Court for such period as the default shall continue.

6. STATEMENT OF COMMON CHARGES: The Board of Directors shall promptly provide any Unit Owner so requesting a written statement of all unpaid common charges and special assessments due from such Unit Owner.

7. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS: The violation of any Rule or Regulation adopted by the Board of Directors or the breach of any By-Law contained herein or the breach of any provision of the Declaration shall give to the Board of Directors in addition to the other rights set forth in these By-Laws: (a) the right to enter the unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereon, and the Board hereby shall not be deemed guilty in any manner of trespass; and (b) the right to enjoy, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

8. MAINTENANCE AND REPAIR: (a) All maintenance and repairs to any unit, structural or non-structural, ordinary or extraordinary, (other than the maintenance of and repairs to any common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the owner of such unit), shall be made by the owner of such unit. Each Unit Owner shall be responsible for all damages resulting to other units and/or to the common areas and facilities which are occasioned by the negligence, misuse or neglect of such Unit Owner, (b) All maintenance, repairs and replacements to the common areas and facilities, whether located inside or outside of the units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner),

-16-

shall be made by the Board of Directors and shall be charged to all the Unit Owners as a common expense.

9. ADDITIONS, ALTERATIONS AND IMPROVEMENTS BY UNIT OWNERS: No Unit Owner shall make any interior structural addition, alteration or improvement or any exterior structural addition, alteration or improvement not affecting appearance in or to his unit without

the prior written consent thereto given by the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a Unit Owner for approval of a proposed addition, alteration or improvement in or to such Unit Owner's unit and within the categories set forth hereinabove within thirty (30) days after such request, and failure to do so within the stipulated time will constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. No Unit Owner shall make any exterior structural addition, alteration or improvement affecting appearance in or to his unit without the prior written consent of the Unit Owners (Association) as determined by the affirmative vote of the Unit Owners owning 66-2/3% of the aggregate interest in the common areas and facilities.

10. USE OF COMMON AREAS AND FACILITIES: A Unit Owner shall not place or cause to be placed in or upon any of the common areas or facilities, other than a patio or porch to which such Unit Owner has sole access and other than the areas designated as storage areas, any furniture, packages or objects of any kind.

11. USE RESTRICTIONS: In addition to those certain limitations and restrictions upon use set forth in the Declaration, including specifically but not limited to those set forth in Items 5 and 16 thereof, the Property shall be held, sold and conveyed subject to use restriction as follows:

(a) No noxious or offensive activity shall be carried on upon any lot or within any unit nor shall anything be done thereon which may be or become an annoyance or nuisance.

(b) No one shall interfere with or otherwise restrict the free right of passage of the owners, their agents, servants, tenants, guests or employees over driveways or passageways leading to their respective units or to their respective parking spaces.

(c) No television antenna shall be permitted on the roof of any of the units, save and except for the master antenna erected by the Declarant. However, this restriction shall not include interior antenna or any cable system which might be made available through the Declarant or through FIDELITY COURT UNIT OWNERSHIP ASSOCIATION.

-17-

12. APPROVAL OF PAYMENT VOUCHERS: Either the duly elected Treasurer acting alone or the duly appointed Managing Agent acting alone may approve payment vouchers and make payment of same for expenses incurred for reason of contractual undertaking or contractual services rendered for and to the project so long as each of such expense vouchers does not exceed Five Hundred Dollars (\$500.00). A listing of such contractual indebtedness payment vouchers approved and paid by the Treasurer or Managing Agent shall be submitted to the Board of Directors quarterly for review and reaffirmation by the Board of Directors as to its approval for payment of same. All payment vouchers for expenses incurred other than as set forth shall require the signatures of any two officers of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION.



## ARTICLE VII – RECORDS AND AUDITS

The Board of Directors and the Managing Agent or bookkeeper, if one is so employed by the Board of Directors, shall keep detailed records of the actions of the Board of Directors and the Managing Agent, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners, and the financial records and books of account of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION. Such records and books of account shall include a chronological listing of receipts and expenditures, as well as a separate account for each unit, which account, among other things, shall contain the amount of each common charge assessment and the amount of each special assessment against such unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. The financial records and books of account shall be available for examination at convenient hours on business days and the several unit owners shall be advised accordingly. All financial records and books of account of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION shall be kept and maintained in accordance with good and accepted accounting practices, and the Board of Directors shall cause to be made an outside audit of such financial records and books of account at least once a year.

## ARTICLE VIII – AMENDMENTS AND RECORDATION

The administration of FIDELITY COURT UNIT OWNERSHIP ASSOCIATION shall be governed by these By-Laws, a true copy of which has been appended to the Declaration for Fidelity Court filed of record in the Office of the Register of Deeds for Orange County. No modification of or amendment to or repeal of these By-Laws shall be valid unless set forth in an Amendment to the Declaration and such Amendment is duly filed of record in the Office of the Register of Deeds for Orange County. The affirmative vote of Unit Owners owning 66-2/3% in the common areas and facilities

-18-

shall be required to modify, amend or repeal a By-Law. All Unit Owners shall be bound to abide by any such modification or amendment upon the same being duly passed and set forth in an Amendment to the Declaration, duly recorded, as provided for herein.

IN WITNESS WHEREOF, the Declarant has caused these By-Laws to be executed by its duly authorized officers and its seal being hereunto affixed, this the 18<sup>th</sup> day of December, 1980.

FIDELITY APARTMENTS, INC.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

NORTH CAROLINA  
ORANGE COUNTY

I, \_\_\_\_\_, a Notary Public, certify that  
\_\_\_\_\_- personally appeared before me this day and acknowledged that  
he is the Secretary of FIDELITY APARTMENTS, INC., a corporation, and that by authority  
duly given and as the act of the corporation, the foregoing instrument was signed in its name  
by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and notarial seal, this the 18<sup>th</sup> day of December, 1980.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_